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NO. 015/ P. 8/21

2116692

TO V. PAPA

Attachment B

**to Instructions and Application
for Parties with Limited Financial Abilities**



U.S. Environmental Protection Agency, Region IX

Financial Statement for Businesses *

(If additional space is needed, attach a separate sheet)

1. Your name and address (including zipcode and county) ENERGY MERCHANT Corp 126 EAST 56th St NEW YORK, N.Y. 10022		1a. Business name and address (including zipcode and county) SAME		2. Business phone number (212) 319-3560	
3. Name and address of registered agent (including zipcode and county)				4. (Check appropriate box) <input type="checkbox"/> Sole proprietor <input type="checkbox"/> Trust <input type="checkbox"/> Partnership <input type="checkbox"/> Other (specify) _____ <input checked="" type="checkbox"/> Corporation	
5. State of Incorporation (or country if foreign) DELAWARE		5a. Employer Identification Number 13-3855623		6. Date of Incorporation 6/15/95	
7a. Type of business MANAGEMENT 7b. SIC Code 541990					

8. Information about owner, partners, officers, directors, major shareholder (5% or more stock ownership), other holders of more than 5% equity interest, holders of rights to purchase more than equity interest and other persons with an ability to control.

Name and Title	Effective Date	Home Address	Social Security Number (optional)	Phone Number	Total Shares or Interest
S. Hodapp President					69
SAN PAOLO					19
ACETEX					8
V. Papa - Sec					1

Section I

General Financial Information IN THOUSANDS

9. Last three years Federal and state income tax returns	Forms Filed 1120	Tax Years ended 2003, 2002, 2001	Net Income before taxes 4003
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10. Bank accounts (List all types of accounts including checking, savings, certificates of deposit, etc.)				
Name of Institution	Address	Type of Account	Account No.	Balance
Citibank NA	P.O. Box 5870 Grand Central Station NY N.Y. 10163	Checking	4521577	(2)
		CC	888804891	318
Total (Enter in Item 19)				316

11. Bank Credit available (Lines of credit, etc.)

Name of Institution	Address	Credit Limit	Amount Owed	Credit Available	Monthly
Totals					

2. Location, box number, and contents of all safe deposit boxes rented or accessed

This information is requested pursuant to Section 104(s) of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9604, and is not subject to approval of the Paperwork Reduction Act of 1995, 44 U.S.C. § 3501, et seq.

Section I - continued

General Financial Information

13. Real property

Brief Description and Type of Ownership	Address (include county, state and parcel number)
a.	
b.	
c.	

14. Insurance policies owned with business as beneficiary

Name Insured	Company	Policy Number	Type	Face Amount	Available Loan Value
Total (Enter in Item 21)					

15. Additional Information (Court and administrative proceedings by or against the business, settlement agreements, agreements to purchase or sell tangible or financial assets other than in the ordinary course of business, legal claims (whether asserted or not), bankruptcies, repossessions, recent transfers of assets for less than full value, anticipated increases in income, options to buy or sell real or personal property, real or personal property being purchased under contract, real or personal property being held on behalf of the business).

15a. List all subsidiaries owned, joint ventures, partnerships and other entities controlled by the business. Provide current market value of the business' interest in such subsidiary or other entity.

16. Federal government departments or agencies with whom you have a contract for payment of goods or services

Agency Name	Address	Contract No.	Amount to be Received	Payment Due Date

16a. Federal government departments or agencies that have extended or given the business loans, grants or assistance, or to which you have applied (or anticipate applying for any loan, grant, or assistance) in the past 5 years.

17. Accounts/Notes receivable (Include loans to stockholders, officers, partners, etc.)

Agency Name	Address	Amount Due	Due Date	Status
Affiliates		6,103		
Schedule Attached				
Total (Enter in Item 20)		6,103		

Section II.

Asset and Liability Analysis

Description (a)	Cur. Mkt Value (b)	Liabilities Bal. Due (c)	Equity in Asset (d)	Amount of Mo. Pymt. (e)	Name and Address of Lien/Note Holder/Obligee (f)	Date Pledged (g)	Date of Final Pymt. (h)
18. Cash on hand	3						
19. Bank accounts	31.6						
19a. Securities and other financial assets owned	167						
20. Accounts/Notes receivable	6,103						
21. Insurance Loan Value							
22. Real property (from Item 19)							
23. Vehicles (Model, year, license)							
24. Machinery and equipment (Specify)							
a. F&Equip	100						
b. LI	189						
c.							
25. Merchandise Inventory (Specify)							
a.							
b.							
26. Other Assets (Including permits, licenses, tax loss carry forwards, agreements not to compete, other contracts) (Specify)							
a. Prepaid Exp	70						
b. deposits	155						
c.							
d.							
27. Other Liabilities (Include judgements, notes, tax liens, etc.)							
a. Misc Pay	(130)						
b.							
c.							
d.							
e.							
28. Federal & State Taxes Owed							
29. Totals	6973						

Section III.

Income and Expense Analysis

IN THOUSANDS

The following information applies to income and expenses during a one year period:

Accounting method used

JANUARY 1, to December 31, 2003

ACCRUAL

Income		Expenses	
30. Gross receipts from sales, services, etc.	\$	36. Materials purchased	\$
31. Gross rental income		37. Wages and salaries of employees	733
32. Interest		38. Wages/salaries/bonuses for officers, directors and stockholders	1,000
33. Dividends	5	39. Rent	376
34. Other income (Specify)		40. Installment payments (from line 29)	
Trading	(275)	41. Supplies	7
		42. Utilities / Telephone	59
		43. Gasoline / Oil	
		44. Repairs and maintenance	13
		45. Insurance	301
		46. Current taxes	(220)
		47. Other, including fees paid for services (Specify)	
		OUTSIDE CONSULTANTS & PROFESSIONAL FEES legal & Acctg	269
		INFORMATION SERVICES	57
		T&E	371
		PAYROLL EXPENSES	280
		MISC	224
35. Total	\$ (270)	48. Total	\$ 3470
		49. Net difference	\$ (3740)

50. List all transferred real & personal property, including cash (by gift; by loan that was not at fair market terms; by sale for less than fair market value or made outside the normal course of business, etc.) that was made within the last 3 years (Items of \$3,000.00 or more):

Date	Amount	Property Transferred	To Whom	Conditions of Transfer
			(Indicate any relationship to business or its partners, directors, stockholders, or other controlling persons)	

Certification

Under penalties of perjury, I declare that to the best of my knowledge and belief this statement of assets, liabilities, and other information is true, correct, and complete.

51. Signature

52. Print Name / Title

53. Date

Federal Statements

Statement 5 - 1120, Pg 3, Sch K, Question 3 - Did the Corp Own 50% or More of a Domestic Corp

<u>EIN</u>	<u>Name</u>	<u>Address</u>	<u>City</u>	<u>State</u>	<u>Zip</u>	<u>Percent Owned</u>	<u>Income (Loss)</u>
13-4104912	ENERGY MERCHANT HOLDING INC	126 E 56TH ST, 33 FLR	NEW YORK	NY	10022	100.000	\$
51-0383350	EMC CAPITAL CORP	126 E 56TH ST, 33 FLR	NEW YORK	NY	10022	100.000	
95-4564080	POWERINE OIL COMPANY	126 E 56TH ST, 33 FLR	NEW YORK	NY	10022	100.000	
13-4146881	ENERGY MERCHANT MANAGEMENT CO LLC	126 E 56TH ST, 33 FLR	NEW YORK	NY	10022	100.000	
95-4059009	ANGLO PETROLEUM CORP	126 E 56TH ST, 33 FLR	NEW YORK	NY	10022	100.000	
13-3817433	CORPORATE DEVELOPMENT INC	126 E 56TH ST, 33 FLR	NEW YORK	NY	10022	100.000	

Expense Analysis

Line	Account	Amount	Amount
37	Salaries & Wages [Taxes]	1,633,081.93	
37	Bonuses (current year)	100,000.00	1,733,081.93
39	Rent - Offices	375,853.58	375,853.58
41	Computer Supply Expense	6,918.07	6,918.07
42	Telephone	35,925.65	
42	Utilities	22,941.57	58,867.22
44	Cleaning & Janitorial	10,315.09	
44	Repairs & Maintenance	2,402.65	12,717.74
45	Benefits & COBRA/Parking	160,967.93	
45	Insurance	140,411.70	301,379.63
46	Corporate Franchise Taxes	39,740.75	
46	Property Taxes	3,161.29	
46		(680,348.88)	
46		417,771.21	(219,675.63)
1	ADP Fees	5,529.99	
1	Consultants/Outside Services	196,124.94	
1	Professional Fees - Legal	(3,388.14)	
1	Professional Fees - Other/Auditor	71,109.69	269,376.48
2	401-K PS PLAN	97,989.65	
2	P/R Taxes	181,784.28	279,773.93
3	Meals & Entertainment	165,346.86	
3	Travel & Lodging	205,496.72	370,843.58
4	Information Services	57,227.63	57,227.63
misc	Dues and Subscriptions	5,117.43	
misc	Bank Service Charges	2,307.89	
misc	Lease Expense - Auto Allowances	20,472.83	
misc	Miscellaneous [other expenses]	25,718.88	
misc	Office Expenses	27,024.80	
misc	Postage and Delivery	4,180.28	
misc	Interest Expense	49,357.87	
misc	Depreciation & Amortization Exp.	89,768.31	223,948.29
		<u>3,470,312.45</u>	<u>3,470,312.45</u>

ENERGY MERCHANT COMBINED	EMC	POC	EMH	Elimination	Combined	EML	EMC CC EMMC/EMAC
December 31, 2003	12/31/03	12/31/03	12/31/03	12/31/03	12/31/03	12/31/03	12/31/03
ASSETS							
Current Assets							
Checking/Savings							
Citibank Checking	(1,599.47)	-	-	-	(1,599.47)	-	-
Advest Cash	166,524.76	-	1,385.57	-	167,910.33	-	1,385.57
Petty Cash	2,880.00	-	300.00	-	3,180.00	300.00	-
Savings - Citibank	1.26	-	-	-	1.26	-	-
M & T [Allfirst] Checking	-	-	257,980.12	-	257,980.12	257,980.12	-
CD Citibank - Rent Deposit	318,120.54	-	-	-	318,120.54	-	-
Standard Chartered Bank	-	-	257,500.00	-	257,500.00	257,500.00	-
Total Checking/Savings	485,927.09	-	517,165.69	-	1,003,092.78	515,780.12	1,385.57
Accounts Receivable							
Accounts Receivable Trade	-	-	4,400,415.74	-	4,400,415.74	4,400,415.74	-
Total Accounts Receivable	-	-	4,400,415.74	-	4,400,415.74	4,400,415.74	-
Inventory							
Inventory	-	-	4,360,174.71	-	4,360,174.71	4,360,174.71	-
Inventory & Contract M-T-M	-	-	295,696.00	-	295,696.00	295,696.00	-
Total Inventory	-	-	4,655,870.71	-	4,655,870.71	4,655,870.71	-
Securities Held for Sale							
SCB Collateral- Advest - 01188	-	-	-	-	-	-	-
Investments - Advest @ market - NET	-	-	-	-	-	-	-
Total Marketable Securities	-	-	-	-	-	-	-
Trading Accounts							
FIMAT	-	-	782,246.84	-	782,246.84	782,246.84	-
Treasury Bills	-	-	-	-	-	-	-
Saul Stone	1.78	-	304,107.64	-	304,109.42	304,107.64	-
Total Trading Accounts	1.78	-	1,086,354.48	-	1,086,356.26	1,086,354.48	-
Other Recievables							
I/C EM Inv Fund LLC	-	-	-	-	-	-	-
I/C EM Mgmt Co	-	-	-	-	-	-	-
I/C EM Advisory Co	-	-	-	-	-	-	-
I/C EMC CC	(12,712,268.77)	-	-	12,785,490.90	73,222.13	-	-
I/C EML	(87,242.36)	-	-	87,242.36	-	-	-
I/C POC	(881,744.55)	-	-	881,744.55	-	-	-
I/C SPC	502,047.48	-	-	-	502,047.48	-	-
N/R AB & PP	1,704,428.01	-	-	-	1,704,428.01	-	-
N/R EYM	150,000.00	-	-	-	150,000.00	-	-
I/C EMC	-	881,744.55	12,872,733.26	(13,754,477.81)	-	87,242.36	12,785,490.90
Total Other Recievables	(11,324,780.19)	881,744.55	12,872,733.26	-	2,429,697.62	87,242.36	12,785,490.90

ENERGY MERCHANT COMBINED	EMC	POC	EMH	Elimination	Combined	EML	EMC CC EMMC/EMAC
December 31, 2003	12/31/03	12/31/03	12/31/03	12/31/03	12/31/03	12/31/03	12/31/03
Prepaid Expenses							
Accrued Interest Income	-	-	-	-	-	-	-
Prepaid Expenses/CA Taxes	69,801.00	-	-	-	69,801.00	-	-
Refundable Income Taxes	-	-	-	-	-	-	-
Prepaid Insurance	-	-	32,345.05	-	32,345.05	32,345.05	-
Cash Clearing Accounts/Prepays	-	-	-	-	-	-	-
Deposits & Refunds	155,698.85	-	90,998.96	-	246,697.81	90,998.96	-
Total Prepaid Expenses	225,499.85	-	123,344.01	-	348,843.86	123,344.01	-
Total Current Assets	(10,613,351.47)	881,744.55	23,655,883.89	-	13,924,276.97	10,869,007.42	12,786,876.47
Fixed Assets							
Leashold Improvements	278,711.87	-	-	-	278,711.87	-	-
Furniture & Office Equip	265,792.82	-	-	-	265,792.82	-	-
Technology Equipment	45,752.79	-	96,349.71	-	142,102.50	96,349.71	-
Network Design & Installation	-	-	256,576.49	-	256,576.49	256,576.49	-
Accum Depr	(301,495.74)	-	(296,017.65)	-	(597,513.39)	(296,017.65)	-
Total Fixed Assets	288,761.74	-	56,908.55	-	345,670.29	56,908.55	-
Other Assets: Capital Investments							
Design Architects.com	-	-	-	-	-	-	-
EMC Handles GMBH	233,388.38	-	-	-	233,388.38	-	-
EMC CC	11,178,187.10	-	-	(11,178,187.10)	-	-	-
EM LLC	4,916,033.00	-	-	(4,916,033.00)	-	-	-
EM Storage [Stratus Petroleum]	100,000.00	-	-	-	100,000.00	-	-
POC	1,000,000.00	-	-	(1,000,000.00)	-	-	-
N/R Stratus Petroleum	-	-	-	-	-	-	-
EM Investors Fund	-	-	-	-	-	-	-
EM Mgmt Co	-	-	464.99	-	464.99	-	464.99
EM Advisory Co	-	-	-	-	-	-	-
Harvard Note	-	-	400,000.00	-	400,000.00	-	400,000.00
Total Other Assets	17,427,608.48	-	400,464.99	(17,094,220.10)	733,853.37	-	400,464.99
TOTAL ASSETS	7,103,018.75	881,744.55	24,113,257.43	(17,094,220.10)	15,003,800.63	10,925,915.97	13,187,341.46

ENERGY MERCHANT COMBINED	EMC	POC	EMH	Elimination	Combined		EML	EMC CC EMMC/EMAC
December 31, 2003	12/31/03	12/31/03	12/31/03	12/31/03	12/31/03		12/31/03	12/31/03
LIABILITIES & EQUITY								
Liabilities								
Current Liabilities								
Accounts Payable								
Accounts Payable	-	-	487,707.49	-	487,707.49		487,707.49	-
Total Accounts Payable	-	-	487,707.49	-	487,707.49		487,707.49	-
Notes Payable								
N/P Standard Chartered Bank	-	-	-	-	-		-	-
N/P Officers	-	-	-	-	-		-	-
Total Notes Payable	-	-	-	-	-		-	-
Accrued Expenses								
Accrued Enviromental Taxes	-	349,237.02	-	-	349,237.02		-	-
Accrued Excise Taxes	-	-	1,627,725.74	-	1,627,725.74		1,627,725.74	-
Accrued Payables/401-K Plan	-	3,340,022.96	181,703.68	-	3,521,726.64		181,703.68	-
Income Taxes Payable	-	-	-	-	-		-	-
Loans Payable	130,000.00	-	-	-	130,000.00		-	-
Total Other Payables/Accrued Expenses	130,000.00	3,689,259.98	1,809,429.42	-	5,628,689.40		1,809,429.42	-
Total Current Liabilities	130,000.00	3,689,259.98	2,297,136.91	-	6,116,396.89		2,297,136.91	-
Long Term Liabilities								
N/P Power & Energy Capital Grp	-	-	10,089,425.02	-	10,089,425.02		10,089,425.02	-
Accrued Clean-up Claims Payable	-	8,487,170.00	-	(8,487,170.00)	-		-	-
Total Long Term Liabilities	-	8,487,170.00	10,089,425.02	(8,487,170.00)	10,089,425.02		10,089,425.02	-
Total Liabilities	130,000.00	12,176,429.98	12,386,561.93	(8,487,170.00)	16,205,821.91		12,386,561.93	-
Equity								
Capital Stock	3,350,000.00	1.00	5,916,033.00	(5,916,034.00)	3,350,000.00		4,916,033.00	1,000,000.00
APIC new issues	349,700.00	999,999.00	-	(999,999.00)	349,700.00		-	-
Treasury Stock	(700,000.00)	-	-	-	(700,000.00)		-	-
Distribution to S/H	-	-	-	-	-		-	-
Retained Earnings	7,713,818.90	(12,294,685.43)	10,178,187.10	(1,691,017.10)	3,906,303.47		-	10,178,187.10
Dividends	-	-	-	-	-		-	-
Net Income	(3,740,500.15)	-	(4,367,524.60)	-	(8,108,024.75)		(6,376,678.96)	2,009,154.36
Total Equity	6,973,018.75	(11,294,685.43)	11,726,695.50	(8,607,050.10)	(1,202,021.28)		(1,460,645.96)	13,187,341.46
TOTAL LIABILITIES & EQUITY	7,103,018.75	881,744.55	24,113,257.43	(17,094,220.10)	15,003,800.63		10,925,915.97	13,187,341.46

ENERGY MERCHANT COMBINED	EMC	POC	EMH	Elimination	Combined	EML	EMC CC EMMC/EMAC
December 31, 2003	12/31/03	12/31/03	12/31/03	12/31/03	12/31/03	12/31/03	12/31/03
REVENUES	-	-	-	-	-	-	-
Sales of Product/Services	-	-	319,005,433.69	-	319,005,433.69	319,005,433.69	-
Cost of Sales	-	-	322,347,246.80	-	322,347,246.80	322,347,246.80	-
Gross Profit	-	-	(3,341,813.11)	-	(3,341,813.11)	(3,341,813.11)	-
Trading Profits	-	-	-	-	-	-	-
EMIF	-	-	2,041,568.27	-	2,041,568.27	-	2,041,568.27
EMMC	-	-	12,044.01	-	12,044.01	-	12,044.01
EMAC	-	-	(23,131.26)	-	(23,131.26)	-	(23,131.26)
Trading Profits & Losses	(275,268.55)	-	(33,538.31)	-	(308,806.86)	-	(33,538.31)
Gain on SPC NR	-	-	1,781,446.32	-	1,781,446.32	1,770,733.02	10,713.30
Trading Profits	(275,268.55)	-	3,778,389.03	-	3,503,120.48	1,770,733.02	2,007,656.01
Other Income	-	-	-	-	-	-	-
US Govt Interest	-	-	10,382.74	-	10,382.74	10,382.74	-
Interest Income	312.16	-	16,819.39	-	17,131.55	16,699.09	120.30
Dividend Income	4,768.69	-	2,579.61	-	7,348.30	1,076.56	1,503.05
Sales of Fixed Assets	-	-	-	-	-	-	-
Other Income	-	-	250.00	-	250.00	250.00	-
Total Other Income	5,080.85	-	30,031.74	-	35,112.59	28,408.39	1,623.35
Total Income	(270,187.70)	-	466,607.66	-	196,419.96	(1,542,671.70)	2,009,279.36
Operating Expenses	-	-	-	-	-	-	-
ADP Fees	5,529.99	-	-	-	5,529.99	-	-
Bank Service Charges	2,307.89	-	79,026.09	-	81,333.98	78,901.09	125.00
Benefits & COBRA/Parking	160,967.93	-	299,867.24	-	460,835.17	299,867.24	-
401-K PS PLAN	97,989.65	-	-	-	97,989.65	-	-
Bonds	-	-	28,786.31	-	28,786.31	28,786.31	-
Broker Commissions	-	-	44,764.78	-	44,764.78	44,764.78	-
Cleaning & Janitorial	10,315.09	-	-	-	10,315.09	-	-
Computer Supply Expense	6,918.07	-	19,002.62	-	25,920.69	19,002.62	-
Consultants/Outside Services	196,124.94	-	108,000.00	-	304,124.94	108,000.00	-
Contributions	-	-	-	-	-	-	-
Corporate Franchise Taxes	39,740.75	-	26,425.03	-	66,165.78	26,425.03	-
Credit Facility Fee & Bank Legal	-	-	451,583.90	-	451,583.90	451,583.90	-
Dell Computer Lease	-	-	22,217.80	-	22,217.80	22,217.80	-
Dues and Subscriptions	5,117.43	-	10,152.15	-	15,269.58	10,152.15	-

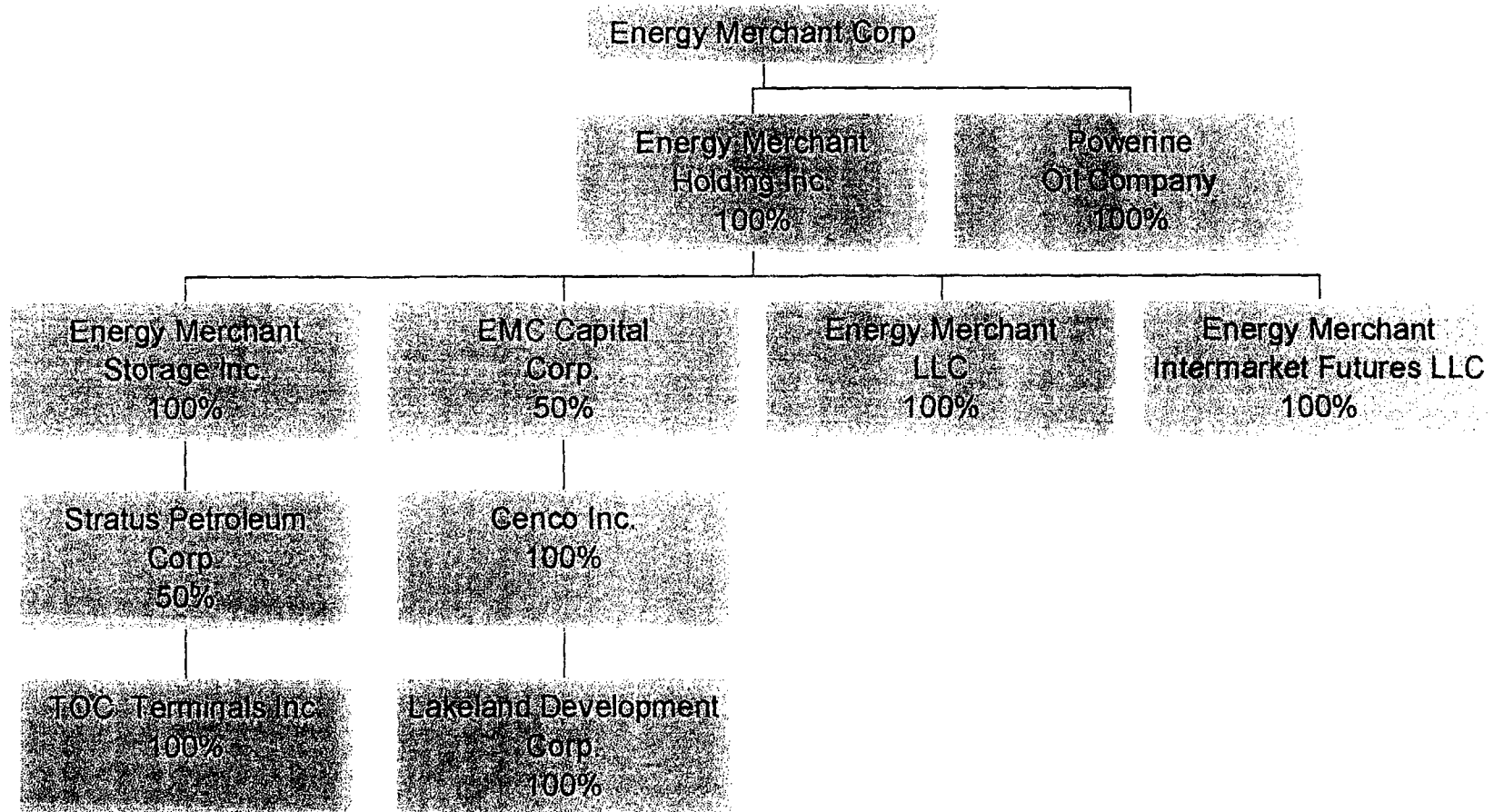
ENERGY MERCHANT COMBINED	EMC	POC	EMH	Elimination	Combined	EML	EMC CC EMMC/EMAC
December 31, 2003	12/31/03	12/31/03	12/31/03	12/31/03	12/31/03	12/31/03	12/31/03
Equipment Rental [Fax & Copiers]	-	-	14,515.08		14,515.08	14,515.08	-
Excise Taxes/Tare Allowances	-	-	29,881.12		29,881.12	29,881.12	-
Information Services	57,227.63	-	77,237.43		134,465.06	77,237.43	-
Insurance	140,411.70	-	768,734.28		909,145.98	768,734.28	-
Lease Expense - Auto Allowances	20,472.83	-	3,436.80		23,909.63	3,436.80	-
Meals & Entertainment	165,346.86	-	5,939.05		171,285.91	5,939.05	-
Miscellaneous [other expenses]	25,718.88	-	19.61		25,738.49	19.61	-
Office Expenses	27,024.80	-	20,600.87		47,625.67	20,600.87	-
Printing & Supplies	-	-	-		-	-	-
P/R Taxes	181,784.28	-	146,592.87		328,377.15	146,592.87	-
Postage and Delivery	4,180.28	-	3,931.47		8,111.75	3,931.47	-
Professional Fees - Legal	(3,388.14)	-	-		(3,388.14)	-	-
Professional Fees - Other/Auditor	71,109.69	-	81,692.50		152,802.19	81,692.50	-
Property Taxes	3,161.29	-	-		3,161.29	-	-
Rent - Offices	375,853.58	-	4,200.00		380,053.58	4,200.00	-
Repairs & Maintenance	2,402.65	-	6,302.62		8,705.27	6,302.62	-
Telephone	35,925.65	-	42,889.50		78,815.15	42,889.50	-
Travel & Lodging	205,496.72	-	67,033.22		272,529.94	67,033.22	-
Trash Removal	-	-	1,032.00		1,032.00	1,032.00	-
Utilities	22,941.57	-	11,675.64		34,617.21	11,675.64	-
Total G & A	1,860,682.01	-	2,375,539.98	-	4,236,221.99	2,375,414.98	125.00
Salaries & Wages [Taxes]	1,633,081.93	-	1,958,308.92	-	3,591,390.85	1,958,308.92	-
Bonuses (current year)	100,000.00	-	-	-	100,000.00	-	-
Total Salaries & Bonuses	1,733,081.93	-	1,958,308.92	-	3,691,390.85	1,958,308.92	-
Total Operating Expenses	3,593,763.94	-	4,333,848.90	-	7,927,612.84	4,333,723.90	125.00
Net Ordinary Income	(3,863,951.64)	-	(3,867,241.24)	-	(7,731,192.88)	(5,876,395.60)	2,009,154.36
Other Expenses							
Interest Expense	49,357.87	-	404,504.94	-	453,862.81	404,504.94	-
HMC	-	-	-	-	-	-	-
			sum		453,862.81		
Amortization	-	-	76,956.00	-	76,956.00	76,956.00	-
Depreciation Expense	89,768.31	-	18,822.42	-	108,590.73	18,822.42	-
			sum		185,546.73		
Total Other Expenses	139,126.18	-	500,283.36	-	639,409.54	500,283.36	-
Income Taxes							
Federal Income Tax	(680,348.88)	-	-	-	(680,348.88)	-	-
State Income Tax	417,771.21	-	-	-	417,771.21	-	-
Total Income Taxes	(262,577.67)	-	-	-	(262,577.67)	-	-

ENERGY MERCHANT COMBINED	EMC	POC	EMH	Elimination	Combined		EML	EMC CC EMMC/EMAC
December 31, 2003	12/31/03	12/31/03	12/31/03	12/31/03	12/31/03		12/31/03	12/31/03
Net Income	(3,740,500.15)	-	(4,367,524.60)	-	(8,108,024.75)		(6,376,678.96)	2,009,154.36

S/L BOOK DEPRECIATION

<u>ASSET</u>	<u>STATE</u>	<u>DATE</u>	<u>COST</u>	<u>S/L YRS</u>	<u>2002</u>	<u>2003</u>
BMW	CA SOLD	03/23/99 03/31/00	\$47,282.91 (\$47,282.91)	3	\$0.00	\$0.00
		\$ -				
COPIERS & FAXES	NY	11/01/98	\$12,302.51	5	\$2,460.50	\$2,048.50
CT FURNITURE	CT SOLD	01/01/00 03/31/02	\$19,685.85 (\$19,685.85)	5	\$984.29	\$0.00
NY FURNITURE	NY	09/01/00	\$253,490.31	5	\$50,698.06	\$50,698.06
		\$ 265,792.82				
NY LEASEHOLDS	NY	09/01/00	\$231,972.26	10	\$23,197.23	\$23,197.23
NY LEASEHOLDS	NY	04/01/01	\$27,553.90	10	\$2,755.39	\$2,755.39
NY LEASEHOLDS	NY	07/01/01	\$19,185.71	10	\$1,918.57	\$1,918.57
		\$ 278,711.87				
NY EQUIPMENT	NY	09/01/00	\$45,752.79	5	\$9,150.56	\$9,150.56
CT EQUIPMENT	CT SOLD	04/01/00 03/31/02	\$26,319.20 (\$26,319.20)	5	\$1,315.96	\$0.00
		\$ 45,752.79				
SUBTOTALS			\$683,545.44		\$92,480.56	\$89,768.31
DISPOSALS	2000		(\$47,282.91)		\$0.00	\$0.00
DISPOSALS	2002		(\$46,005.05)		(\$19,386.31)	\$0.00
TOTALS			\$590,257.48		\$73,094.25	\$89,768.31
	CUMM				\$211,727.43	\$301,495.74
					\$211,727.43	\$89,768.31

Energy Merchant Group



BY-LAWS
OF
ENERGY MERCHANT CORP.

ARTICLE I
OFFICES

SECTION 1. REGISTERED OFFICE. - The registered office shall be established and maintained at c/o PMG Capital Corp., 767 Fifth Avenue - 23rd Fl., New York, New York 10157 and PMG Capital Corp. shall be the registered agent of this corporation in charge thereof.

SECTION 2. OTHER OFFICES. - The corporation may have other offices, either within or without the State of Delaware, at such place or places as the Board of Directors may from time to time appoint or the business of the corporation may require.

ARTICLE II
MEETINGS OF STOCKHOLDERS

SECTION 1. ANNUAL MEETINGS. - Annual meetings of stockholders for the election of directors and for such other business as may be stated in the notice of the meeting, shall be held at such place, either within or without the State of Delaware, and at such time and date as the Board of Directors, by resolution, shall determine and as set forth in the notice of meeting. In the event the Board of Directors fails to so determine the time, date and place of meeting, the annual meeting of stockholders shall be held at the registered office of the corporation in Delaware.

If the date of the annual meeting shall fall upon a legal holiday, the meeting shall be held on the next succeeding business day. At each annual meeting, the stockholders entitled to vote shall elect a Board of Directors and they may transact such other corporate business as shall be stated in the notice of the meeting.

SECTION 2. OTHER MEETINGS. - Meetings of stockholders for any purpose other than the election of directors may be held at such time and place, within or without the State of Delaware, as shall be stated in the notice of the meeting.

SECTION 3. VOTING. - Each stockholder entitled to vote in accordance with the terms of the Certificate of Incorporation and in accordance with the provisions of these By-Laws shall be entitled to one vote, in person or by proxy, for each share of stock entitled to vote held by such stockholder, but no proxy shall be voted after three years from its date unless such proxy provides for a longer period. Upon the demand of any stockholder, the vote for directors and the vote upon any question before the meeting, shall be by ballot. All elections for directors shall be decided by plurality vote; all other questions shall be decided by majority vote except as otherwise provided by the Certificate of Incorporation or the laws of the State of Delaware.

A complete list of the stockholders entitled to vote at the ensuing election, arranged in alphabetical order, with the address of each, and the number of shares held by each, shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

SECTION 4. QUORUM. - Except as otherwise required by law, by the Certificate of Incorporation or by these By-Laws, the presence, in person or by proxy, of stockholders holding a majority of the stock of the corporation entitled to vote shall constitute a quorum at all meetings of the stockholders. In case a quorum shall not be present at any meeting, a majority in interest of the stockholders entitled to vote thereat, present in person or by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until the requisite amount of stock entitled to vote shall be present. At any such adjourned meeting at which the requisite amount of stock entitled to vote shall be represented, any business may be transacted which might have been transacted at the meeting as originally noticed; but only those stockholders entitled to vote at the meeting as originally noticed shall be entitled to vote at any adjournment or adjournments thereof. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote the meeting.

SECTION 5. SPECIAL MEETINGS. - Special meetings of the stockholders for any purpose or purposes may be called by the President or Secretary, or by resolution of the directors.

SECTION 6. NOTICE OF MEETINGS. - Written notice, stating the place, date and time of the meeting, and the general nature of the business to be considered, shall be given to each stockholder entitled to vote thereat at his address as it appears on the records of the corporation, not less than ten nor more than sixty days before the date of the meeting. No business other than that stated in the notice shall be transacted at any meeting without the unanimous consent of all the stockholders entitled to vote thereat.

SECTION 7. ACTION WITHOUT MEETING. - Unless otherwise provided by the Certificate of Incorporation, any action required to be taken at any annual or special meeting of stockholders, or any action which may be taken at any annual or special meeting, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

ARTICLE III DIRECTORS

SECTION 1. NUMBER AND TERM. - The number of directors shall be one (1). The directors shall be elected at the annual meeting of the stockholders and each director shall be elected to serve until his successor shall be elected and shall qualify. A director need not be a stockholder.

SECTION 2. RESIGNATIONS. - Any director, member of a committee or other officer may resign at any time. Such resignation shall be made in writing, and shall take effect at the time specified therein, and if no time be specified, at the time of its receipt by the President or Secretary. The acceptance of a resignation shall not be necessary to make it effective.

SECTION 3. VACANCIES - If the office of any director, member of a committee or other officer becomes vacant, the remaining directors in office, though less than a quorum by a majority vote, may appoint any qualified person to fill such vacancy, who shall hold office for the unexpired term and until his successor shall be duly chosen.

SECTION 4. REMOVAL. - Any director or directors may be removed either for or without cause at any time by the affirmative vote of the holders of a majority of all the shares of stock outstanding and entitled to vote, at a special meeting of the stockholders called for the purpose and the vacancies thus created may be filled, at the meeting held for the purpose of removal, by the affirmative vote of a majority in interest of the stockholders entitled to vote.

SECTION 5. INCREASE OF NUMBER. - The number of directors may be increased by amendment of these By-Laws by the affirmative vote of a majority of the directors, though less than a quorum, or, by the affirmative vote of a majority in interest of the stockholders, at the annual meeting or at a special meeting called for that purpose, and by like vote the additional directors may be chosen at such meeting to hold office until the next annual election and until their successors are elected and qualify.

SECTION 6. POWERS. - The Board of Directors shall exercise all of the powers of the corporation except such as are by law, or by the Certificate of Incorporation of the corporation or by these By-Laws conferred upon or reserved to the stockholders.

SECTION 7. COMMITTEES. - The Board of Directors may, by resolution or resolutions passed by a majority of the whole board, designate one or more committees, each committee to consist of two or more of the directors of the corporation. The board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of any member or such committee or committees, the member or members thereof present at any such meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

Any such committee, to the extent provided in the resolution of the Board of Directors, or in these By-Laws, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it; but no such committee shall have the power of authority in reference to amending the Certificate of Incorporation, adopting an agreement of merger or consolidation, recommending to the stockholders the sale, lease or exchange of all or substantially all of the corporation's property and assets, recommending to the stockholders a dissolution of the corporation or a revocation of a dissolution, or amending the By-Laws of the corporation; and unless the resolution, these By-Laws, or the Certificate of Incorporation expressly so provide, no such committee shall have the power or authority to declare a dividend or to authorize the issuance of stock.

SECTION 8. MEETINGS. - The newly elected Board of Directors may hold their first meeting for the purpose of organization and the transaction of business, if a quorum be present, immediately after the annual meeting of the stockholders; or the time and place of such meeting may be fixed by consent, in writing, of all the directors.

Unless restricted by the incorporation document or elsewhere in these By-laws, members of the Board of Directors or any committee designated by such Board may participate in a meeting of such Board or committee by means of conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at such meeting.

Regular meetings of the Board of Directors may be scheduled by a resolution adopted by the Board. The Chairman of the Board or the President or Secretary may call, and if requested by any two directors, must call special meeting of the Board and give five days' notice by mail, or two days' notice personally or by telegraph or cable to each director. The Board of Directors may hold an annual meeting, without notice, immediately after the annual meeting of shareholders.

SECTION 9. QUORUM. - A majority of the directors shall constitute a quorum for the transaction of business. If at any meeting of the board there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time until a quorum is obtained, and no further notice thereof need be given other than by announcement at the meeting which shall be so adjourned.

SECTION 10. COMPENSATION. - Directors shall not receive any stated salary for their services as directors or as members of committees, but by resolution of the board a fixed fee and expenses of attendance may be allowed for attendance at each meeting. Nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity as an officer, agent or otherwise, and receiving compensation therefor.

SECTION 11. ACTION WITHOUT MEETING. - Any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting, if prior to such action a written consent thereto is signed by all members of the board, or of such committee as the case may be, and such written consent is filed with the minutes of proceedings of the board or committee.

ARTICLE IV OFFICERS

SECTION 1. OFFICERS. - The officers of the corporation shall be a President, a Treasurer, and a Secretary, all of whom shall be elected by the Board of Directors and who shall hold office until their successors are elected and qualified. In addition, the Board of Directors may elect a Chairman, one or more Vice-Presidents and such Assistant Secretaries and Assistant Treasurers as they may deem proper. None of the officers of the corporation need be directors. The officers shall be elected at the first meeting of the Board of Directors after each annual meeting. More than two offices may be held by the same person.

SECTION 2. OTHER OFFICERS AND AGENTS. - The Board of Directors may appoint such other officers and agents as it may deem advisable, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors.

SECTION 3. CHAIRMAN. - The Chairman of the Board of Directors, if one be elected, shall preside at all meetings of the Board of Directors and he shall have and perform such other duties as from time to time may be assigned to him by the Board of Directors.

SECTION 4. PRESIDENT. - The President shall be the chief executive officer of the corporation and shall have the general powers and duties of supervision and management usually vested in the office of President of a corporation. He shall preside at all meetings of the stockholders if present thereat, and in the absence or non-election of the Chairman of the Board of Directors, at all meetings of the Board of Directors, and shall have general supervision, direction and control of the business of the corporation. Except as the Board of Directors shall authorize the execution thereof in some other manner, he shall execute bonds, mortgages and other contracts in behalf of the corporation, and shall cause the seal to be affixed to any instrument requiring it and when so affixed the seal shall be attested by the signature of the Secretary or the Treasurer or Assistant Secretary or an Assistant Treasurer.

SECTION 5. VICE-PRESIDENT. - Each Vice-President shall have such powers and shall perform such duties as shall be assigned to him by the directors.

SECTION 6. TREASURER. - The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate account of receipts and disbursements in books belonging to the corporation. He shall deposit all moneys and other valuables in the name and to the credit of the corporation in such depositories as may be designated by the Board of Directors.

The Treasurer shall disburse the funds of the corporation as may be ordered by the Board of Directors, or the President, taking proper vouchers for such disbursements. He shall render to the President and Board of Directors at the regular meetings of the Board of Directors, or whenever they may request it, an account of all his transactions as Treasurer and of the financial condition of the corporation. If required by the Board of Directors, he shall give the corporation a bond for the faithful discharge of his duties in such amount and with such surety as the board shall prescribe.

SECTION 7. SECRETARY. - The Secretary shall give, or cause to be given, notice of all meetings of stockholders and directors, and all other notices required by the law or by these By-Laws, and in case of his absence or refusal or neglect so to do, any such notice may be given by any person thereunto directed by the President, or by the directors, or stockholders, upon whose requisition the meeting is called as provided in these By-Laws. He shall record all the proceedings of the meetings of the corporation and of the directors in a book to be kept for that purpose, and shall perform such other duties as may be assigned to him by the directors or the President. He shall have the custody of the seal of the corporation and shall affix the same to all instruments requiring it, when authorized by the directors or the President, and attest the same.

SECTION 8. ASSISTANT TREASURERS AND ASSISTANT SECRETARIES. - Assistant Treasurers and Assistant Secretaries, if any, shall be elected and shall have such powers and shall perform such duties as shall be assigned to them, respectively, by the directors.

ARTICLE V MISCELLANEOUS

SECTION 1. CERTIFICATES OF STOCK. - A certificate of stock, signed by the Chairman or Vice-Chairman of the Board of Directors, if they be elected, President or Vice-President, and the Treasurer or an Assistant Treasurer, or Secretary or Assistant Secretary, shall be issued to each stockholder certifying the number of shares owned by him in the corporation. When such certificates are countersigned (1) by a transfer agent other than the corporation or its employee, or, (2) by a registrar other than the corporation or its employee, the signatures of such officers may be facsimiles.

SECTION 2. LOST CERTIFICATES. - A new certificate of stock may be issued in the place of any certificate theretofore issued by the corporation, alleged to have been lost or destroyed, and the directors may, in their discretion, require the owner of the lost or destroyed certificate, or his legal representatives, to give the corporation a bond, in such sum as they may direct, not exceeding double the value of the stock, to indemnify the corporation against any claim that may be made against it on account of the alleged loss of any such certificate, or the issuance of any such new certificate.

SECTION 3. TRANSFER OF SHARES. - The shares of stock of the corporation shall be transferrable only upon its books by the holders thereof in person or by their duly authorized attorneys or legal representatives, and upon such transfer the old certificate shall be surrendered to the corporation by the delivery thereof to the person in charge of the stock and transfer books and ledgers, or to such other person as the directors may designate, by whom they shall be cancelled, and new certificates shall thereupon be issued. A record shall be made of each transfer and whenever a transfer shall be made for collateral security, and not absolutely, it shall be so expressed in the entry of the transfer.

SECTION 4. STOCKHOLDERS RECORD DATE. - In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjournment meeting.

SECTION 5. DIVIDENDS. - Subject to the provisions of the Certificate of Incorporation, the Board of Directors may, out of funds legally available therefor at any regular or special meeting, declare dividends upon the capital stock of the corporation as and when they deem expedient. Before declaring any dividend there may be set apart out of any funds of the corporation available for dividends, such sum or sums as the directors from time to time in their discretion deem proper for working capital or as a reserve fund to meet contingencies or for equalizing dividends or for such other purposes as the directors shall deem conducive to the interests of the corporation.

SECTION 6. SEAL. - The corporate seal shall be circular in form and shall contain the name of the corporation, the year of its creation and the words "Corporate Seal, Delaware, 1995". Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

SECTION 7. FISCAL YEAR. - The fiscal year of the corporation shall be determined by resolution of the Board of Directors.

SECTION 8. CHECKS. - All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation shall be signed by such officer or officers, agent or agents of the corporation, and in such manner as shall be determined from time to time by resolution of the Board of Directors.

SECTION 9. NOTICE AND WAIVER OF NOTICE. - Whenever any notice is required by these By-Laws to be given, personal notice is not meant unless expressly so stated, and any notice so required shall be deemed to be sufficient if given by depositing the same in the United States mail, postage, prepaid, addressed to the person entitled thereto at his address as it appears on the records of the corporation, and such notice shall be deemed to have been given on the day of such mailing. Stockholders not entitled to vote shall not be entitled to receive notice of any meetings except as otherwise provided by Statute.

Whenever any notice whatever is required to be given under the provisions of any law, or under the provisions of the Certificate of Incorporation of the corporation of these By-Laws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE VI
AMENDMENTS

These By-Laws may be altered or repealed and By-Laws may be made at any annual meeting of the stockholders or at any special meeting thereof if notice of the proposed alteration or repeal of By-Law or By-Laws to be made be contained in the notice of such special meeting, by the affirmative vote of a majority of the stock issued and outstanding and entitled to vote thereat, or by the affirmative vote of a majority of the Board of Directors, at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors, if notice of the proposed alteration or repeal of By-Law or By-Laws to be made, be contained in the notice of such special meeting.

ARTICLE VII
INDEMNIFICATION

No director shall be liable to the corporation or any of its stockholders for monetary damages for breach of fiduciary duty as a director, except with respect to (1) a breach of the director's duty of loyalty to the corporation or its stockholders, (2) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (3) liability which may be specifically defined by law or (4) a transaction from which the director derived an improper personal benefit, it being the intention of the foregoing provision to eliminate the liability of the corporation's directors to the corporation or its stockholders to the fullest extent permitted by law. The corporation shall indemnify to the fullest extent permitted by law each person that such law grants the corporation the power to indemnify.

**CONSENT
OF
SOLE DIRECTOR
OF
ENERGY MERCHANT CORP.**

The UNDERSIGNED, being the sole Director of Energy Merchant Corp. (the "Company") and acting in accordance with the authority contained in the Delaware Corporation Law (the "Act") does hereby unanimously consent in writing that the following resolution shall have the same force and effect as if duly adopted at a meeting of Director(s) of the Company duly called and held in accordance with law and the Act on January 2, 2003.

RESOLVED, that the following named persons be and hereby are elected officers of this Company to hold office as provided in the by-laws and until their respective successors are chosen and qualify;

Chairman and Chief Executive Officer
Chief Financial Officer
Secretary and General Counsel
Assistant Secretary

Siegfried K. Hodapp
Daniel Lasman
Vincent Papa
Elizabeth Moy

IN WITNESS THEREOF, each of the undersigned has executed this Unanimous Consent of Directors as of the day and year set forth above.

DIRECTOR


Siegfried K Hodapp

**CONSENT
OF
SOLE DIRECTOR
OF
ENERGY MERCHANT CORP.**

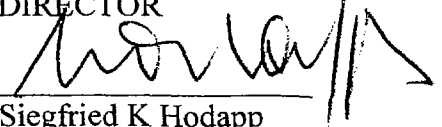
The UNDERSIGNED, being the sole Director of Energy Merchant Corp. (the "Company") and acting in accordance with the authority contained in the Delaware Corporation Law (the "Act") does hereby unanimously consent in writing that the following resolution shall have the same force and effect as if duly adopted at a meeting of Director(s) of the Company duly called and held in accordance with law and the Act on October 17, 2003.

RESOLVED, that the Corporation desires to amend the Health Care Reimbursement Plan's (Health FSA) definition of "Eligible Medical Expenses", effective 09/03/2003 to include certain over the counter drugs incurred by the participant or his/her eligible dependent, as set forth in the attached attachment: and

FURTHER RESOLVED that each of the officers of the Company is hereby authorized to execute and deliver all such other documents and instruments and other appropriate certificates, and to take all such other action, as they deem necessary or appropriate in connection with consummating the action contemplated above.

IN WITNESS THEREOF, the undersigned has executed this Unanimous Consent of Directors as of the day and year set forth above.

DIRECTOR


Siegfried K Hodapp

**CONSENT
OF
SOLE DIRECTOR
OF
ENERGY MERCHANT CORP.**

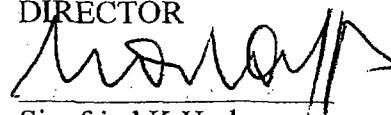
The UNDERSIGNED, being the sole Director of Energy Merchant Corp. (the "Company") and acting in accordance with the authority contained in the Delaware Corporation Law (the "Act") does hereby unanimously consent in writing that the following resolution shall have the same force and effect as if duly adopted at a meeting of Director(s) of the Company duly called and held in accordance with law and the Act on April 1, 2004.

RESOLVED, that the contribution of one million dollars to the capital of Energy Merchant Holding Inc for further contribution to the capital of EMC Capital Corp.; for the purpose of funding CENCO Refining Corp. is hereby approved, and

FURTHER RESOLVED that each of the officers of the Company is hereby authorized to execute and deliver all such other documents and instruments and other appropriate certificates, and to take all such other action, as they deem necessary or appropriate in connection with consummating the transactions contemplated above.

IN WITNESS THEREOF, the undersigned has executed this Unanimous Consent of Directors as of the day and year set forth above.

DIRECTOR



Siegfried K Hodapp

**CONSENT
OF
SOLE DIRECTOR
OF
ENERGY MERCHANT CORP.**

The UNDERSIGNED, being the sole Director of Energy Merchant Corp. (the "Company") and acting in accordance with the authority contained in the Delaware Corporation Law (the "Act") does hereby unanimously consent in writing that the following resolution shall have the same force and effect as if duly adopted at a meeting of Director(s) of the Company duly called and held in accordance with law and the Act on January 2, 2005.

RESOLVED, that the following named persons be and hereby are elected officers of this Company to hold office as provided in the by-laws and until their respective successors are chosen and qualify;

Chairman and Chief Executive Officer
Chief Financial Officer

Siegfried K. Hodapp
Daniel Lasman (partner in Roseview
Capital Partners LLC)
Vincent Papa
Thomas Shiah
Elizabeth Moy

Senior Vice President & Secretary
Senior Vice President – Corporate Development
Assistant Secretary

FURTHER RESOLVED, THAT Daniel Lasman shall operate as CFO pursuant to a consulting agreement with Roseview Capital Partners LLC, a copy of which is attached hereto.

If the undersigned has executed this Unanimous Consent set forth above.

DIRECTOR


Siegfried K Hodapp

**CONSENT
OF
SOLE DIRECTOR
OF
ENERGY MERCHANT CORP.**

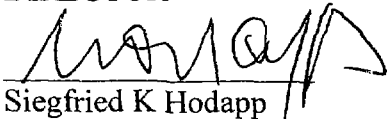
The UNDERSIGNED, being the sole Director of Energy Merchant Corp. (the "Company") and acting in accordance with the authority contained in the Delaware Corporation Law (the "Act") does hereby unanimously consent in writing that the following resolution shall have the same force and effect as if duly adopted at a meeting of Director(s) of the Company duly called and held in accordance with law and the Act on April 25, 2005.

RESOLVED, that the form, terms and provisions of the Guarantee provided to D.L.Rothberg & Associates, PC ("Rothberg") supporting the Retainer Agreement between Rothberg, Stratus Petroleum Corp. and TOC Terminals Inc. in the form previously submitted to and reviewed and approved by the Board of Directors is hereby approved, and each of the officers of the Company, acting alone, be and hereby is hereby authorized to execute and deliver the Guarantee for and on behalf of the Company with such changes therein and additions thereto or deletions therefrom as the officer of the Company executing the same may approve, such approval to be evidenced conclusively by his execution and delivery thereof, and

FURTHER RESOLVED that each of the officers of the Company is hereby authorized to execute and deliver all such other documents and instruments and other appropriate certificates, and to take all such other action, as they deem necessary or appropriate in connection with consummating the transactions contemplated above.

IN WITNESS THEREOF, the undersigned has executed this Unanimous Consent of Directors as of the day and year set forth above.

DIRECTOR


Siegfried K Hodapp

**CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION**

Energy Merchant Corp, a corporation organized under the laws of the State of Delaware,

DOES HEREBY CERTIFY:

FIRST: That the Board of Directors of said corporation, by the consent of its stockholders, filed with the minutes of the Board of Directors, adopted a resolution proposing and declaring advisable the following amendment to the Certificate of Incorporation of said corporation:

RESOLVED, that the Certificate of Incorporation of Energy Merchant Corp. be amended changing the Forth Article thereof so that as amended, said article shall be and read as follows:

FOURTH: The corporation shall be authorized to issue the following shares:

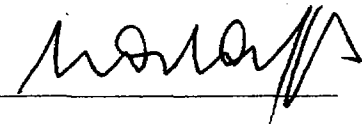
<u>Class</u>	<u>Number of Shares</u>	<u>Par Value</u>
Common	3,000	\$.01

SECOND: That in lieu of a meeting and vote of stockholders, the stockholders have given written consent to said amendment in accordance with the provisions of Section 242 and 228 of the General Corporation Law of the State of Delaware.

THIRD: That the aforesaid amendment was duly adopted in accordance with the applicable provisions of Section 227 of the General Corporation Law of the State of Delaware.

IN WITNESS THEREOF, said Energy Merchant Corp. has caused this certificate to be signed by Siegfried K. Hodapp, its Chief Executive Officer this 11th day of April 2000.

Energy Merchant Corp.

By: 

CERTIFICATE OF INCORPORATION
OF
ENERGY MERCHANT CORP.

The undersigned, being of legal age, in order to form a corporation under and pursuant to the laws of the State of Delaware, does hereby set forth as follows:

FIRST: The name of the corporation is
ENERGY MERCHANT CORP.

SECOND: The address of the initial registered and principal office of this corporation in this state is c/o United Corporate Services, Inc., 15 East North Street, in the City of Dover, County of Kent, State of Delaware 19901 and the name of the registered agent at said address is United Corporate Services, Inc.

THIRD: The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the corporation laws of the State of Delaware.

FOURTH: The corporation shall be authorized to issue the following shares:

<u>Class</u>	<u>Number of Shares</u>	<u>Par Value</u>
COMMON	1,000	\$.01

FIFTH: The name and address of the incorporator are as follows:

<u>NAME</u>	<u>ADDRESS</u>
Ray A. Barr	10 Bank Street White Plains, New York 10606

SIXTH: The following provisions are inserted for the management of the business and for the conduct of the affairs of the corporation, and for further definition, limitation and regulation of the powers of the corporation and of its directors and stockholders:

(1) The number of directors of the corporation shall be such as from time to time shall be fixed by, or in the manner provided in the by-laws. Election of directors need not be by ballot unless the By-Laws so provide.

(2) The Board of Directors shall have power without the assent or vote of the stockholders:

(a) To make, alter, amend, change, add to or repeal the By-Laws of the corporation; to fix and vary the amount to be reserved for any proper purpose; to authorize and cause to be executed mortgages and liens upon all or any part of the property of the corporation; to determine the use and disposition of any surplus or net profits; and to fix the times for the declaration and payment of dividends.

(b) To determine from time to time whether, and to what times and places, and under what conditions the accounts and books of the corporation (other than the stock ledger) or any of them, shall be open to the inspection of the stockholders.

(3) The directors in their discretion may submit any contract or act for approval or ratification at any annual meeting of the stockholders, at any meeting of the stockholders called for the purpose of considering any such act or contract, or through a written consent in lieu of a meeting in accordance with the requirements of the General Corporation Law of Delaware as amended from time to time, and any contract or act that shall be so approved or be so ratified by the vote of the holders of a majority of the stock of the corporation which is represented in person or by proxy at such meeting, (or by written consent whether received directly or through a proxy) and entitled to vote thereon (provided that a lawful quorum of stockholders be there represented in person or by proxy) shall be as valid and as binding upon the corporation and upon all the stockholders as though it had been approved, ratified, or consented to by every stockholder of the corporation, whether or not the contract or act would otherwise be open to legal attack because of directors' interest, or for any other reason.

(4) In addition to the powers and authorities hereinbefore or by statute expressly conferred upon them, the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the corporation; subject, nevertheless, to the provisions of the statutes of Delaware, of this certificate, and to any by-laws from time to time made by the stockholders; provided, however, that no by-laws so made shall invalidate any prior act of the directors which would have been valid if such by-law had not been made.

SEVENTH: No director shall be liable to the corporation or any of its stockholders for monetary damages for breach of fiduciary duty as a director, except with respect to (1) a breach of the director's duty of loyalty to the corporation or its stockholders, (2) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (3) liability under Section 174 of the Delaware General Corporation Law or (4) a transaction from which the director derived an improper personal benefit, it being the intention of the foregoing provision to eliminate the liability of the corporation's directors to the corporation or its stockholders to the fullest extent permitted by Section 102(b)(7) of the Delaware General Corporation Law, as amended from time to time. The corporation shall indemnify to the fullest extent permitted by Sections 102(b)(7) and 145 of the Delaware General Corporation Law, as amended from time to time, each person that such Sections grant the corporation the power to indemnify.

EIGHTH: Whenever a compromise or arrangement is proposed between this corporation and its creditors or any class of them and/or between this corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware, may, on the application in a summary way of this corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for this corporation under the provisions of Section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for this corporation under the provisions of Section 279 Title 8 of the Delaware Code order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths (3/4) in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this corporation as consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this corporation, as the case may be, and also on this corporation.

NINTH: The corporation reserves the right to amend, alter, change or repeal any provision contained in this certificate of incorporation in the manner now or hereafter prescribed by law, and all rights and powers conferred herein on stockholders, directors and officers are subject to this reserved power.

IN WITNESS WHEREOF, the undersigned hereby executes this document and affirms that the facts set forth herein are true under the penalties of perjury this thirteenth day of June, 1995.

S/RAY A. BARR

Ray A. Barr, Incorporator

Citibank, N.A. 587
PO 5870 Grand Central Sta
New York, NY 10163

15751^BR1/01F000/0

065
CITIBANK, N. A.
Account
45215777
Statement Period
Mar. 1 - Mar. 31, 2005
Relationship Manager
Pantina, Anthony V
(212) 830-4956

Page 1 of 5

ENERGY MERCHANT CORP.
126 EAST 56TH STREET FLOOR 33
NEW YORK NY 10022-2606

1. The first part of the document is a title page. It contains the title "THE HISTORY OF THE UNITED STATES OF AMERICA" and the author "BY JAMES MADISON".

CitiBusiness® ACCOUNT AS OF MARCH 31, 2005

CitiBusiness Summary:

Checking	\$48,677.26
Savings	\$1.27
Investments (not FDIC insured)	-----
Checking Plus	-----

Checking	Balance
CitiBusiness Checking	\$48,677.26
Savings	Balance
CitiBusiness Savings	\$1.27

Total Checking and Savings		\$48,678.53
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SUGGESTIONS AND RECOMMENDATIONS

Effective 21 days after we mail this notice, when MasterCard International ceases to add a 1% fee to its conversion rate for transactions that you conduct in a foreign country or in a foreign currency, we will impose a charge equal to 1% of the transaction amount (including credits and reversals).

Después de 21 días de haber enviado esta notificación, en cuanto MasterCard International cese de agregar el cargo del 1% a su tipo de cambio, para aquellas transacciones que usted efectúe en el extranjero o en moneda extranjera, Citibank cobrará un 1% del monto de la transacción (incluyendo créditos y devoluciones).

SERVICE CHARGE SUMMARY FROM FEBRUARY 1, 2005 THRU FEBRUARY 28, 2005

Type of Charge	No./Units	Price/Unit	Amount
CITIBUSINESS CHECKING # 45215777			
Average Daily Collected Balance			\$150,406.57
DEPOSIT SERVICES			
MONTHLY MAINTENANCE FEE	1	20.0000	20.00
CHECKS PAID	50	.2000	10.00
OVERDRAFT/UNCOLLECTED ITEMS	2	30.0000	60.00
TOTAL DEPOSIT SERVICES			\$90.00
TRANSFER SERVICES			
CBOL - OUTGOING DOMESTIC FUNDSTRANSFE	1	12.5000	12.50
INCOMING FUNDS TRANSFER	4	10.0000	40.00
TOTAL TRANSFER SERVICES			\$52.50
Total Charges for Services			\$142.50
CITIBUSINESS SAVINGS # 45215777			

SERVICE CHARGE SUMMARY FROM FEBRUARY 1, 2005 THRU FEBRUARY 28, 2005**Continued**

Average Daily Collected Balance			\$1.27
DEPOSIT SERVICES			
MONTHLY MAINTENANCE FEE	1	4.5000	4.50
TOTAL DEPOSIT SERVICES			\$4.50
Total Charges for Services			\$4.50
Total Non-Interest Bearing Account Charges			\$142.50
Total Interest Bearing Account Charges			\$4.50
Average collected balances			\$150,406.57
Less 10% reserve requirement			\$15,040.65
Balances eligible for Earnings Credit			\$135,365.92
Earnings Credit allowance at 2.43000%			\$147.00
Charges Subject to Earnings Credit			\$147.00
Net Service Charge			\$0.00

1 - Maximum Earnings Credit cannot exceed monthly fees eligible for offset

CHECKING ACTIVITY**CitiBusiness Checking**

0045215777

Beginning Balance:

\$301,041.19-

Ending Balance:

\$48,677.26

Date	Description	Debits	Credits	Balance
3/01	FUNDS TRANSFER		500,000.00	198,958.81
	WIRE FROM FIRST LEARNING HO SE			
3/01	MISC DEPOSIT		248,551.13	447,509.94
3/01	MISC DEPOSIT		158,558.73	606,068.67
3/01	FUNDS TRANSFER		150,000.00	756,068.67
	WIRE FROM STRATU PETROLEUM CORP			
3/01	CHECK NO: 7102	1,333.34		754,735.33
3/01	CHECK NO: 7077	54,000.00		700,735.33
3/01	CHECK NO: 7096	194.72		700,540.61
3/01	CHECK NO: 7098	53.74		700,486.87
3/01	CHECK NO: 7089	30.76		700,456.11
3/02	FUNDS TRANSFER		75,000.00	775,456.11
	WIRE FROM ENERGY MERCHANT L C			
3/02	BA DOM WIRE OUT	248,551.13		526,904.98
3/02	BA DOM WIRE OUT	158,558.73		368,346.25
3/02	BA DOM WIRE OUT	60,000.00		308,346.25
3/02	CHECK NO: 7076	6,402.11		301,944.14
3/02	CHECK NO: 7097	514.21		301,429.93
3/02	CHECK NO: 7103	195.68		301,234.25
3/02	CHECK NO: 7088	178.81		301,055.44
3/03	FUNDS TRANSFER		300,000.00	601,055.44
	WIRE FROM FC STO E LLC CUST SEG FUNDS STONE			
3/03	FUNDS TRANSFER		60,000.00	661,055.44
	WIRE FROM FC STO E LLC CUST SEG FUNDS STONE			
3/03	ACH DEBIT	73,579.89		587,475.55
	ADP TX/FINCL SVC ADP - TAX 362501398731MJF			
3/03	CHECK NO: 7093	413.01		587,062.54
3/03	CHECK NO: 7081	379.14		586,683.40
3/03	CHECK NO: 7079	89.09		586,594.31
3/03	CHECK NO: 7084	27.88		586,566.43
3/04	BA DOM WIRE OUT	300,000.00		286,566.43
3/04	ACH DEBIT	40,720.85		245,845.58
	ADP TX/FINCL SVC ADP - TAX 94MJF 030409A01			
3/04	ACH DEBIT	158.88		245,686.70
	ADP PAYROLL FEES ADP - FEES 10MJF 2594833			
3/07	CHECK NO: 7086	41.59		245,645.11
3/08	CHECK NO: 7112	24,693.33		220,951.78

CHECKING ACTIVITY

Continued

Date	Description	Debits	Credits	Balance
3/08	ACH DEBIT AMERICAN EXPRESS ELEC REMIT 050307051631566 Mar 08	2,511.94		218,439.84
3/08	CHECK NO: 7107	1,178.52		217,261.32
3/09	CHECK NO: 7114	30,000.00		187,261.32
3/09	CHECK NO: 7105	2,011.93		185,249.39
3/09	ACH DEBIT BARNARD WAY ASSESSMENT 000092H001 Mar 09	645.00		184,604.39
3/09	CHECK NO: 7110	132.07		184,472.32
3/09	CHECK NO: 7109	123.83		184,348.49
3/10	CHECK NO: 7082	100.59		184,247.90
3/10	CHECK NO: 7108	406.65		183,841.25
3/11	CHECK NO: 7116	16,336.60		167,504.65
3/11	ACH DEBIT ADP PAYROLL FEES ADP - FEES 10MJF 2763994 Mar 11	192.09		167,312.56
3/14	CHECK NO: 7117	1,100.00		166,212.56
3/14	CHECK NO: 7104	157.88		166,054.68
3/15	CHECK NO: 7120	282.42		165,772.26
3/15	CHECK NO: 7122	130.35		165,641.91
3/16	FUNDS TRANSFER WIRE FROM ENERGY MERCHANT L C Mar 16		56,000.00	221,641.91
3/16	ELECTRONIC CREDIT ADP TX/FINCL SVC ADP - TAX 94MJF 2407402VV Mar 16		543.41	222,185.32
3/16	ATM DEPOSIT		313.66	222,498.98
3/16	CHECK NO: 7106	226.00		222,272.98
3/16	CHECK NO: 7127	202.79		222,070.19
3/16	CHECK NO: 7115	6,000.00		216,070.19
3/16	CHECK NO: 7118	1,013.03		215,057.16
3/17	FUNDS TRANSFER WIRE FROM FC STO E LLC CUST SEG FUNDS STONE Mar 17		60,000.00	275,057.16
3/17	BA FUNDS TRN OUT Payroll Account	60,000.00		215,057.16
3/17	ACH DEBIT ADP TX/FINCL SVC ADP - TAX 739001149170MJF Mar 17	73,695.47		141,361.69
3/17	CHECK NO: 7113	180.09		141,181.60
3/17	CHECK NO: 7119	103.02		141,078.58
3/17	CHECK NO: 7123	39.07		141,039.51
3/18	ACH DEBIT ADP TX/FINCL SVC ADP - TAX 94MJF 031811A01 Mar 18	40,657.36		100,382.15
3/18	ACH DEBIT ADP PAYROLL FEES ADP - FEES 10MJF 3029279 Mar 18	461.00		99,921.15
3/21	TRADE SERVICES - DR FOR REFERENCE # 0030027097	787.10		99,134.05
3/21	CHECK NO: 7124	25,000.00		74,134.05
3/21	CHECK NO: 7111	4,190.28		69,943.77
3/21	CHECK NO: 7125	300.00		69,643.77
3/24	ATM DEPOSIT		6,448.32	76,092.09
3/24	CHECK NO: 7130	240.00		75,852.09
3/24	CHECK NO: 7131	234.00		75,618.09
3/24	CHECK NO: 7126	250.00		75,368.09
3/25	CHECK NO: 7128	6,362.02		69,006.07
3/25	ACH DEBIT ADP PAYROLL FEES ADP - FEES 10MJF 3260370 Mar 25	192.09		68,813.98
3/28	CHECK NO: 7156	1,308.34		67,505.64
3/28	CHECK NO: 7129	249.60		67,256.04
3/28	CHECK NO: 7139	194.85		67,061.19
3/28	CHECK NO: 7134	31.12		67,030.07
3/28	CHECK NO: 7157	7,544.01		59,486.06
3/28	CHECK NO: 7153	1,999.51		57,486.55
3/28	ACH DEBIT CONED OF NY INTELL CK 426403060020023 Mar 28	1,632.85		55,853.70
3/28	CHECK NO: 7137	573.26		55,280.44
3/28	CHECK NO: 7132	214.20		55,066.24
3/28	CHECK NO: 7151	160.27		54,905.97
3/28	CHECK NO: 7152	116.23		54,789.74
3/28	CHECK NO: 7142	95.13		54,694.61
3/28	CHECK NO: 7138	82.64		54,611.97
3/28	CHECK NO: 7150	28.45		54,583.52
3/29	ELECTRONIC CREDIT ADP TX/FINCL SVC ADP - TAX 94MJF 2572629VV Mar 29		19.17	54,602.69
3/29	CHECK NO: 7154	270.99		54,331.70
3/29	CHECK NO: 7133	430.62		53,901.08
3/29	CHECK NO: 7136	139.87		53,761.21

CHECKING ACTIVITY**Continued**

Date	Description	Debits	Credits	Balance
3/29	CHECK NO: 7148	39.62		53,721.59
3/29	CHECK NO: 7135	30.62		53,690.97
3/30	FUNDS TRANSFER		60,000.00	113,690.97
	WIRE FROM ENERGY MERCHANT C RP Mar 30			
3/30	BA FUNDS TRN OUT	60,000.00		53,690.97
	Payroll Account			
3/30	CHECK NO: 7147	100.60		53,590.37
3/30	CHECK NO: 7143	527.91		53,062.46
3/30	CHECK NO: 7145	199.95		52,862.51
3/31	FUNDS TRANSFER		70,000.00	122,862.51
	WIRE FROM THOMAS SHIAH Mar 31			
3/31	ACH DEBIT	73,695.53		49,166.98
	ADP TX/FINCL SVC ADP - TAX 747001209241MJF Mar 31			
3/31	CHECK NO: 7144	369.69		48,797.29
3/31	CHECK NO: 7146	92.15		48,705.14
3/31	CHECK NO: 7149	27.88		48,677.26
	Total Debits/Credits	1,395,715.97	1,745,434.42	

Checks Paid											
Check	Date	Amount	Check	Date	Amount	Check	Date	Amount	Check	Date	Amount
7076	3/02	6,402.11	7106	3/16	226.00	7123	3/17	39.07	7139	3/28	194.85
7077	3/01	54,000.00	7107	3/08	1,178.52	7124	3/21	25,000.00	7142*	3/28	95.13
7079*	3/03	89.09	7108	3/10	406.65	7125	3/21	300.00	7143	3/30	527.91
7081*	3/03	379.14	7109	3/09	123.83	7126	3/24	250.00	7144	3/31	369.69
7082	3/10	100.59	7110	3/09	132.07	7127	3/16	202.79	7145	3/30	199.95
7084*	3/03	27.88	7111	3/21	4,190.28	7128	3/25	6,362.02	7146	3/31	92.15
7086*	3/07	41.59	7112	3/08	24,693.33	7129	3/28	249.60	7147	3/30	100.60
7088*	3/02	178.81	7113	3/17	180.09	7130	3/24	240.00	7148	3/29	39.62
7089	3/01	30.76	7114	3/09	30,000.00	7131	3/24	234.00	7149	3/31	27.88
7093*	3/03	413.01	7115	3/16	6,000.00	7132	3/28	214.20	7150	3/28	28.45
7096*	3/01	194.72	7116	3/11	16,336.60	7133	3/29	430.62	7151	3/28	160.27
7097	3/02	514.21	7117	3/14	1,100.00	7134	3/28	31.12	7152	3/28	116.23
7098	3/01	53.74	7118	3/16	1,013.03	7135	3/29	30.62	7153	3/28	1,999.51
7102*	3/01	1,333.34	7119	3/17	103.02	7136	3/29	139.87	7154	3/29	270.99
7103	3/02	195.68	7120	3/15	282.42	7137	3/28	573.26	7156*	3/28	1,308.34
7104	3/14	157.88	7122*	3/15	130.35	7138	3/28	82.64	7157	3/28	7,544.01
7105	3/09	2,011.93									

* Indicates gap in check number sequence Number Checks Paid: 65 Totaling: \$199,676.06

Funds Availability ServicesGood Customer Recognition

You may withdraw this amount of your check deposits on the next business day.
Please note, this is in addition to funds which would normally be available on that day.

\$1,000.00**SAVINGS ACTIVITY****CitiBusiness Savings**

45215777

Beginning Balance:**\$1.27****Ending Balance:****\$1.27****Your CitiBusiness Savings Account Rates**

For Balances of:	\$0 to \$99,999	\$100,000 to \$249,999	\$250,000 to \$24,999,999	\$25,000,000 and over
3/08 - 3/31	0.750%	1.590%	1.590%	1.590%

ENERGY MERCHANT CORP.

Account 45215777 Page 5 of 5
Statement Period - Mar. 1 - Mar. 31, 2005

15755/R1/01F000/0

CUSTOMER SERVICE INFORMATION**IF YOU HAVE QUESTIONS ON:**Checking
Savings**YOU CAN CALL:**877-528-0990
(For Speech and Hearing
Impaired Customers Only
TDD: 800-945-0258)**YOU CAN WRITE:**Citibank, N.A.
P.O. Box 5870, Grand Central Station
New York, NY 10163-5870

For change in address, call your account officer or visit your branch.

Citibank, N.A. 587
PO 5870 Grand Central Sta
New York, NY 10163

22704/R1/03F000/0

050
CITIBANK, N.A.
Account
45215777
Statement Period
Feb. 1 - Feb. 28, 2005
Relationship Manager
Pantina, Anthony V
(212) 830-4956

ENERGY MERCHANT CORP.
126 EAST 56TH STREET FLOOR 33
NEW YORK NY 10022-2606

|||||

Page 1 of 4

CitiBusiness® ACCOUNT AS OF FEBRUARY 28, 2005

CitiBusiness Summary:

Checking	\$301,041.19-
Savings	\$1.27
Investments	----
(not FDIC insured)	----
Checking Plus	----

Preparing to Travel?

Allow Us to Make Packing a Little Easier!

Citibank's World Wallet® Service makes packing your wallet easier than ever. You have access to a wide variety of Foreign Currencies, International Checks and Foreign Traveler's checks - delivered right to your door.

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Call 1-800-627-3999 for details

Checking	Balance
CitiBusiness Checking	\$301,041.19-
Savings	Balance
CitiBusiness Savings	\$1.27
Total Checking and Savings	\$301,039.92-

SERVICE CHARGE SUMMARY FROM JANUARY 1, 2005 THRU JANUARY 31, 2005

Type of Charge	No./Units	Price/Unit	Amount
CITIBUSINESS CHECKING # 45215777			
Average Daily Collected Balance			\$33,532.33
DEPOSIT SERVICES			
MONTHLY MAINTENANCE FEE	1	20.0000	20.00
CHECKS PAID	46	.2000	9.20
DEPOSIT TICKETS	2	.2000	0.40
ITEMS DEPOSITED	3	.2000	0.60
OVERDRAFT/UNCOLLECTED ITEMS	1	30.0000	30.00
TOTAL DEPOSIT SERVICES			\$60.20
TRANSFER SERVICES			
CBOL - OUTGOING INTERNATIONAL FUNDS TR	1	20.0000	20.00
INCOMING FUNDS TRANSFER	5	10.0000	50.00
TOTAL TRANSFER SERVICES			\$70.00
Total Charges for Services			\$130.20
CITIBUSINESS SAVINGS # 45215777			
Average Daily Collected Balance			\$1.27
DEPOSIT SERVICES			
MONTHLY MAINTENANCE FEE	1	4.5000	4.50
TOTAL DEPOSIT SERVICES			\$4.50
Total Charges for Services			\$4.50
Total Non-Interest Bearing Account Charges			\$130.20
Total Interest Bearing Account Charges			\$4.50

SERVICE CHARGE SUMMARY FROM JANUARY 1, 2005 THRU JANUARY 31, 2005**Continued**

Average collected balances	\$33,532.33
Less 10% reserve requirement	\$3,353.23
Balances eligible for Earnings Credit	\$30,179.10
Balances Required to Offset Service Charges	\$66,922.80
Earnings Credit allowance at 2.29000%	\$58.69
Charges Subject to Earnings Credit	\$134.70
Net Service Charge	\$76.01
Charges debited from account # 45215777	

CHECKING ACTIVITY**CitiBusiness Checking**

0045215777

Beginning Balance:
Ending Balance:\$1,371.68
\$301,041.19-

Date	Description	Debits	Credits	Balance
2/01	CHECK NO: 7005	115.00		1,256.68
2/02	FUNDS TRANSFER		75,000.00	76,256.68
	WIRE FROM ENERGY MERCHANT L C Feb 02			
2/03	FUNDS TRANSFER		330,000.00	406,256.68
	WIRE FROM WILLIA WENDEROTH Feb 03			
2/03	ACH DEBIT	66,478.20		339,778.48
	ADP TX/FINCL SVC ADP - TAX 135010901314MJF Feb 03			
2/04	CHECK NO: 7052	678.00		339,100.48
2/04	ACH DEBIT	49,532.48		289,568.00
	AMERICAN EXPRESS ELEC REMIT 050203051015888 Feb 04			
2/04	ACH DEBIT	40,757.18		248,810.82
	ADP TX/FINCL SVC ADP - TAX 94MJF 020405A01 Feb 04			
2/07	CHECK NO: 7040	1,999.51		246,811.31
2/07	CHECK NO: 7055	578.51		246,232.80
2/07	ACH DEBIT	147.00		246,085.80
	ADP TX/FINCL SVC ADP - TAX 94MJF 2057730VV Feb 07			
2/07	CHECK NO: 7056	104.54		245,981.26
2/08	CHECK NO: 7069	2,983.22		242,998.04
2/08	CHECK NO: 7047	194.85		242,803.19
2/08	CHECK NO: 7046	57.81		242,745.38
2/08	CHECK NO: 7039	4,007.80		238,737.58
2/08	CHECK NO: 7071	1,652.84		237,084.74
2/08	CHECK NO: 7041	605.19		236,479.55
2/08	CHECK NO: 7048	452.29		236,027.26
2/08	CHECK NO: 7058	203.61		235,823.65
2/08	CHECK NO: 7050	187.80		235,635.85
2/08	CHECK NO: 7059	15.38		235,620.47
2/09	CHECK NO: 7067	24,693.33		210,927.14
2/09	CHECK NO: 7061	2,900.00		208,027.14
2/09	CHECK NO: 7070	1,850.70		206,176.44
2/09	CHECK NO: 7064	922.32		205,254.12
2/09	CHECK NO: 7062	700.23		204,553.89
2/09	ACH DEBIT	645.00		203,908.89
	BARNARD WAY ASSESSMENT 000092H001 Feb 09			
2/09	CHECK NO: 7065	199.74		203,709.15
2/09	CHECK NO: 7054	123.83		203,585.32
2/09	CHECK NO: 7045	116.87		203,468.45
2/09	CHECK NO: 7060	112.97		203,355.48
2/09	CHECK NO: 7044	45.76		203,309.72
2/09	CHECK NO: 7063	33.84		203,275.88
2/10	CHECK NO: 7049	1,308.31		201,967.57
2/11	CHECK NO: 7051	253.87		201,713.70
2/11	CHECK NO: 7053	7,263.16		194,450.54
2/11	CHECK NO: 7043	2,643.80		191,806.74
2/11	CHECK NO: 7057	347.80		191,458.94
2/11	ACH DEBIT	191.03		191,267.91
	ADP PAYROLL FEES ADP - FEES 10MJF 1744242 Feb 11			

CHECKING ACTIVITY**Continued****Funds Availability Services**Good Customer Recognition

You may withdraw this amount of your check deposits on the next business day.
Please note, this is in addition to funds which would normally be available on that day.

\$1,000.00**SAVINGS ACTIVITY****CitiBusiness Savings**

45215777

Beginning Balance:**\$1.27****Ending Balance:****\$1.27****Your CitiBusiness Savings Account Rates**

For Balances of:	\$0 to \$99,999	\$100,000 to \$249,999	\$250,000 to \$24,999,999	\$25,000,000 and over
2/01 - 2/28	0.750%	1.340%	1.490%	1.490%

CUSTOMER SERVICE INFORMATION

IF YOU HAVE QUESTIONS ON:

YOU CAN CALL:

YOU CAN WRITE:

Checking
Savings877-528-0990
(For Speech and Hearing
Impaired Customers Only
TDD: 800-945-0258)Citibank, N.A.
P.O. Box 5870, Grand Central Station
New York, NY 10163-5870

For change in address, call your account officer or visit your branch.

CHECKING ACTIVITY

Continued

Date	Description	Debits	Credits	Balance
2/11	CHECK NO: 7072	120.00		191,147.91
2/11	CHECK NO: 7042	39.28		191,108.63
2/14	ACH DEBIT NPS PA CONTR 166-00096 Feb 14	16,943.38		174,165.25
2/15	CHECK NO: 7068	552.67		173,612.58
2/16	FUNDS TRANSFER WIRE FROM ENERGY MERCHANT L C Feb 16		75,000.00	248,612.58
2/16	BA FUNDS TRN OUT Payroll Account	65,000.00		183,612.58
2/17	ACH DEBIT ADP TX/FINCL SVC ADP - TAX 556001022024MJF Feb 17	68,852.89		114,759.69
2/17	CHECK NO: 7073	586.36		114,173.33
2/18	FUNDS TRANSFER WIRE FROM WWP950 0 Feb 18		65,000.00	179,173.33
2/18	ACH DEBIT ADP TX/FINCL SVC ADP - TAX 94MJF 621807A01 Feb 18	42,017.08		137,156.25
2/18	SERVICE CHARGE ACCT ANALYSIS DIRECT DB	76.01		137,080.24
2/22	ACH DEBIT AMERICAN EXPRESS ELEC REMIT 050218051369367 Feb 22	6,684.97		130,395.27
2/22	ACH DEBIT ADP TX/FINCL SVC ADP - TAX 94MJF 2195863VV Feb 22	51.18		130,344.09
2/23	ACH DEBIT NPS PA CONTR 166-00096 Feb 23	16,194.10		114,149.99
2/23	CHECK NO: 7074	130.35		114,019.64
2/24	CHECK NO: 7075	674.00		113,345.64
2/24	ACH DEBIT ADP PAYROLL FEES ADP - FEES 10MJF 2112994 Feb 24	222.57		113,123.07
2/25	CHECK NO: 7078	477.21		112,645.86
2/25	ACH DEBIT ADP PAYROLL FEES ADP - FEES 10MJF 2247504 Feb 25	259.69		112,386.17
2/28	CHECK NO: 7100	194.85		112,191.32
2/28	CHECK NO: 7092	31.12		112,160.20
2/28	ACH DEBIT ADP TX/FINCL SVC ADP - TAX 647000962176MJF Feb 28	248,551.13		136,390.93
2/28	ACH DEBIT ADP TX/FINCL SVC ADP - TAX 94MJF 022508A01 Feb 28	158,558.73		294,949.66
2/28	ACH DEBIT Con Edison INTELL CK 426403060020023 Feb 28	2,253.03		297,202.69
2/28	CHECK NO: 7085	1,999.51		299,202.20
2/28	CHECK NO: 7101	579.48		299,781.68
2/28	CHECK NO: 7099	341.93		300,123.61
2/28	CHECK NO: 7083	282.42		300,406.03
2/28	CHECK NO: 7090	161.77		300,567.80
2/28	CHECK NO: 7095	160.27		300,728.07
2/28	CHECK NO: 7080	116.23		300,844.30
2/28	CHECK NO: 7091	92.00		300,936.30
2/28	CHECK NO: 7094	80.58		301,016.88
2/28	CHECK NO: 7087	24.31		301,041.19
	Total Debits/Credits	847,412.87	545,000.00	

Checks Paid											
Check	Date	Amount	Check	Date	Amount	Check	Date	Amount	Check	Date	Amount
7005	2/01	115.00	7051	2/11	253.87	7064	2/09	922.32	7080	2/28	116.23
7039*	2/08	4,007.80	7052	2/04	678.00	7065	2/09	199.74	7083*	2/28	282.42
7040	2/07	1,999.51	7053	2/11	7,263.16	7067*	2/09	24,693.33	7085*	2/28	1,999.51
7041	2/08	605.19	7054	2/09	123.83	7068	2/15	552.67	7087*	2/28	24.31
7042	2/11	39.28	7055	2/07	578.51	7069	2/08	2,983.22	7090*	2/28	161.77
7043	2/11	2,643.80	7056	2/07	104.54	7070	2/09	1,850.70	7091	2/28	92.00
7044	2/09	45.76	7057	2/11	347.80	7071	2/08	1,652.84	7092	2/28	31.12
7045	2/09	116.87	7058	2/08	203.61	7072	2/11	120.00	7094*	2/28	80.58
7046	2/08	57.81	7059	2/08	15.38	7073	2/17	586.36	7095	2/28	160.27
7047	2/08	194.85	7060	2/09	112.97	7074	2/23	130.35	7099*	2/28	341.93
7048	2/08	452.29	7061	2/09	2,900.00	7075	2/24	674.00	7100	2/28	194.85
7049	2/10	1,308.31	7062	2/09	700.23	7073*	2/25	477.21	7101	2/28	579.48
7050	2/08	187.80	7063	2/09	33.84						

* Indicates gap in check number sequence Number Checks Paid: 50 Totalling: \$63,997.22

Citibank, N.A. 587
PO 5870 Grand Central Sta
New York, NY 10163

20137/R1/03F000/D

046
CITIBANK, N. A.
Account
45215777
Statement Period
Jan. 1 - Jan. 31, 2005
Relationship Manager
Pantina, Anthony V
(212) 830-4956

Page 1 of 4

ENERGY MERCHANT CORP.
126 EAST 56TH STREET FLOOR 33
NEW YORK NY 10022-2606

CitiBusiness® ACCOUNT AS OF JANUARY 31, 2005

CitiBusiness Summary:

Checking	\$1,371.68
Savings	\$1.27
Investments (not FDIC insured)	-----
Checking Plus	-----

Checking	Balance
CitiBusiness Checking	\$1,371.68
Savings	Balance
CitiBusiness Savings	\$1.27
Total Checking and Savings	\$1,372.95

TSUNAMI DISASTER RELIEF

All of us at Citibank are deeply saddened by the recent tragedy. We've already made a donation of \$3 million and will be matching all contributions made by our employees. We've received numerous calls from customers inquiring about ways they can help those in need. If you wish to make a contribution to the relief fund you can contact any of these fine organizations directly: *American Red Cross, UNICEF, Save the Children* and *OXFAM America*.

SERVICE CHARGE SUMMARY FROM DECEMBER 1, 2004 THRU DECEMBER 31, 2004

Type of Charge	No./Units	Price/Unit	Amount
CITIBUSINESS CHECKING # 45215777			
Average Daily Collected Balance			\$45,062.10
DEPOSIT SERVICES			
MONTHLY MAINTENANCE FEE	1	20.0000	20.00
CHECKS PAID	49	.2000	9.80
DEPOSIT TICKETS	1	.2000	0.20
TOTAL DEPOSIT SERVICES			\$30.00
TRANSFER SERVICES			
CBOL - OUTGOING DOMESTIC FUNDSTRANSFE	1	12.5000	12.50
INCOMING FUNDS TRANSFER	4	10.0000	40.00
TOTAL TRANSFER SERVICES			\$52.50
Total Charges for Services			\$82.50
CITIBUSINESS SAVINGS # 45215777			
Average Daily Collected Balance			\$1.27

SERVICE CHARGE SUMMARY FROM DECEMBER 1, 2004 THRU DECEMBER 31, 2004**Continued**

DEPOSIT SERVICES			
MONTHLY MAINTENANCE FEE	1	4.5000	4.50
TOTAL DEPOSIT SERVICES			\$4.50
Total Charges for Services			\$4.50
Total Non-Interest Bearing Account Charges			\$82.50
Total Interest Bearing Account Charges			\$4.50
Average collected balances			\$45,062.10
Less 10% reserve requirement			\$4,506.21
Balances eligible for Earnings Credit			\$40,555.89
Balances Required to Offset Service Charges			\$44,880.00
Earnings Credit allowance at 2.17000%			\$74.54
Charges Subject to Earnings Credit			\$87.00
Net Service Charge			\$12.46
Charges debited from account # 45215777			

CHECKING ACTIVITY**CitiBusiness Checking****0045215777****Beginning Balance:****\$30,948.77****Ending Balance:****\$1,371.68**

Date	Description	Debits	Credits	Balance
1/03	CHECK NO: 6997	1,308.37		29,640.40
1/03	CHECK NO: 6994	31.64		29,608.76
1/04	CHECK NO: 6999	479.13		29,129.63
1/04	CHECK NO: 6998	137.41		28,992.22
1/04	CHECK NO: 7000	97.03		28,895.19
1/04	CHECK NO: 6995	63.48		28,831.71
1/05	CHECK NO: 7002	149.36		28,682.35
1/05	CHECK NO: 6985	15.19		28,667.16
1/06	FUNDS TRANSFER WIRE FROM WWP950 0 Jan 06		170,000.00	198,667.16
1/06	BA INT'L WT OUT	16,000.00		182,667.16
1/06	CHECK NO: 7004	423.00		182,244.16
1/06	CHECK NO: 6967	359.00		181,885.16
1/06	ACH DEBIT ADP TX/FINCL SVC ADP - TAX 707003954165MJF Jan 06	65,725.30		116,159.86
1/06	CHECK NO: 7003	5,465.05		110,694.81
1/06	CHECK NO: 6992	1,995.37		108,699.44
1/07	ACH DEBIT ADP TX/FINCL SVC ADP - TAX 94MJF 010701A01 Jan 07	42,492.18		66,207.26
1/07	ACH DEBIT AMERICAN EXPRESS ELEC REMIT 050106050904068 Jan 07	17,669.87		48,537.39
1/07	ACH DEBIT BARNARD WAY ASSESSMENT 000092H001 Jan 07	645.00		47,892.39
1/07	ACH DEBIT ADP PAYROLL FEES ADP - FEES 10MJF 0300555 Jan 07	149.31		47,743.08
1/10	CHECK NO: 6993	120.00		47,623.08
1/11	ACH DEBIT NPS PA CONTR 166-00096 Jan 11	24,419.10		23,203.98
1/11	ACH DEBIT NPS PA CONTR 166-00096 Jan 11	16,772.71		6,431.27
1/12	ATM DEPOSIT		1,715.45	8,146.72
1/13	CHECK NO: 7001	725.00		7,421.72
1/13	CHECK NO: 6987	352.62		7,069.10
1/14	ACH DEBIT ADP PAYROLL FEES ADP - FEES 10MJF 0787262 Jan 14	244.09		6,825.01
1/18	FUNDS TRANSFER WIRE FROM WILLIA WENDEROTH Jan 18		25,000.00	31,825.01
1/18	CHECK NO: 7014	2,235.00		29,590.01

CHECKING ACTIVITY

Continued

Date	Description	Debits	Credits	Balance
1/18	CHECK NO: 7015	1,433.00		28,157.01
1/18	CHECK NO: 7013	300.00		27,857.01
1/18	CHECK NO: 7011	253.00		27,604.01
1/19	FUNDS TRANSFER WIRE FROM WWP950 0 Jan 19		125,000.00	152,604.01
1/19	FUNDS TRANSFER WIRE FROM ENERGY MERCHANT L C Jan 19		20,000.00	172,604.01
1/19	ATM DEPOSIT		570.76	173,174.77
1/19	CHECK NO: 7012	300.00		172,874.77
1/19	SERVICE CHARGE ACCT ANALYSIS DIRECT DB	12.46		172,862.31
1/20	ACH DEBIT ADP TX/FINCL SVC ADP - TAX 624000594302MJF Jan 20	65,715.15		107,147.16
1/21	ACH DEBIT ADP TX/FINCL SVC ADP - TAX 94MJF 012103A01 Jan 21	41,632.28		65,514.88
1/21	CHECK NO: 7009	300.00		65,214.88
1/21	CHECK NO: 7034	130.35		65,084.53
1/21	ACH DEBIT ADP PAYROLL FEES ADP - FEES 10MJF 1093018 Jan 21	114.58		64,969.95
1/24	CHECK NO: 7023	474.77		64,495.18
1/24	CHECK NO: 7026	28.33		64,466.85
1/24	CHECK NO: 7016	24,693.33		39,773.52
1/24	CHECK NO: 7025	5,287.60		34,485.92
1/24	ACH DEBIT Con Edison INTELL CK 426403060020023 Jan 24	1,955.89		32,530.03
1/24	CHECK NO: 7020	165.75		32,364.28
1/24	CHECK NO: 7038	160.27		32,204.01
1/24	CHECK NO: 7010	98.00		32,106.01
1/24	CHECK NO: 7018	26.32		32,079.69
1/25	CHECK NO: 7031	125.00		31,954.69
1/25	ACH DEBIT NPS PA CONTR 166-00096 Jan 25	16,943.38		15,011.31
1/25	CHECK NO: 7019	7,560.30		7,451.01
1/25	CHECK NO: 7022	5,702.99		1,748.02
1/25	CHECK NO: 7021	771.23		976.79
1/25	CHECK NO: 7028	34.72		942.07
1/26	CHECK NO: 7029	100.59		841.48
1/26	CHECK NO: 7037	114.06		727.42
1/26	CHECK NO: 7024	37.85		689.57
1/27	CHECK NO: 7008	800.00		110.43
1/27	CHECK NO: 7036	250.05		360.48
1/27	CHECK NO: 7032	237.43		597.91
1/27	CHECK NO: 7033	90.22		688.13
1/27	CHECK NO: 7035	27.82		715.95
1/28	FUNDS TRANSFER WIRE FROM WWP950 0 Jan 28		3,400.00	2,684.05
1/28	CHECK NO: 7027	680.00		2,004.05
1/28	ACH DEBIT ADP PAYROLL FEES ADP - FEES 10MJF 1354969 Jan 28	258.61		1,745.44
1/28	CHECK NO: 7030	42.76		1,702.68
1/31	CHECK NO: 7017	331.00		1,371.68
	Total Debits/Credits	375,263.30	345,686.21	

Checks Paid

Check	Date	Amount	Check	Date	Amount	Check	Date	Amount	Check	Date	Amount
6967	1/06	359.00	7002	1/05	149.36	7017	1/31	331.00	7028	1/25	34.72
6985*	1/05	15.19	7003	1/06	5,465.05	7018	1/24	26.32	7029	1/26	100.59
6987*	1/13	352.62	7004	1/06	423.00	7019	1/25	7,560.30	7030	1/28	42.76
6992*	1/06	1,995.37	7008*	1/27	800.00	7020	1/24	165.75	7031	1/25	125.00
6993	1/10	120.00	7009	1/21	300.00	7021	1/25	771.23	7032	1/27	237.43
6994	1/03	31.64	7010	1/24	98.00	7022	1/25	5,702.99	7033	1/27	90.22
6995	1/04	63.48	7011	1/18	253.00	7023	1/24	474.77	7034	1/21	130.35
6997*	1/03	1,308.37	7012	1/19	300.00	7024	1/26	37.85	7035	1/27	27.82
6998	1/04	137.41	7013	1/18	300.00	7025	1/24	5,287.60	7036	1/27	250.05
6999	1/04	479.13	7014	1/18	2,235.00	7026	1/24	28.33	7037	1/26	114.06
7000	1/04	97.03	7015	1/18	1,433.00	7027	1/28	680.00	7038	1/24	160.27
7001	1/13	725.00	7016	1/24	24,693.33						

* Indicates gap in check number sequence

Number Checks Paid: 46

Totaling: \$64,513.39

CHECKING ACTIVITY**Continued****Funds Availability Services**Good Customer Recognition

You may withdraw this amount of your check deposits on the next business day.
Please note, this is in addition to funds which would normally be available on that day.

\$50.00**SAVINGS ACTIVITY****CitiBusiness Savings**

45215777

Beginning Balance:
Ending Balance:\$1.27
\$1.27**Your CitiBusiness Savings Account Rates**

For Balances of:	\$0 to \$99,999	\$100,000 to \$249,999	\$250,000 to \$499,999	\$500,000 and over
1/11 - 1/31	0.750%	1.290%	1.440%	1.440%

CUSTOMER SERVICE INFORMATION

IF YOU HAVE QUESTIONS ON:

YOU CAN CALL:

YOU CAN WRITE:

Checking
Savings877-528-0990
(For Speech and Hearing
Impaired Customers Only
TDD: 800-945-0258)Citibank, N.A.
P.O. Box 5870, Grand Central Station
New York, NY 10163-5870

For change in address, call your account officer or visit your branch.

Citibank, N.A. 587
PO 5870 Grand Central Sta
New York, NY 10163

19092R1/03F000/0

049
CITIBANK, N. A.
Account
45215777
Statement Period
Dec. 1 - Dec. 31, 2004
Relationship Manager
Pantina, Anthony V
(212) 830-4956

ENERGY MERCHANT CORP.
126 EAST 56TH STREET FLOOR 33
NEW YORK NY 10022-2606

|||||

Page 1 of 4

CitiBusiness® ACCOUNT AS OF DECEMBER 31, 2004

CitiBusiness Summary:

Checking	\$30,948.77
Savings	\$1.27
Investments (not FDIC insured)	----
Checking Plus	----

Keogh Plans are one of the most powerful tax advantaged ways to save for retirement. They can also provide a business with a valuable tax deduction. Ask your Business Banking Officer about Citibank's Keogh Plans. The deadline to open a Keogh is the last day of your business tax year (usually December 31).

Checking	Balance
CitiBusiness Checking	\$30,948.77
Savings	Balance
CitiBusiness Savings	\$1.27
Total Checking and Savings	\$30,950.04

SUGGESTIONS AND RECOMMENDATIONS

Citibank would like to wish you and yours a very happy holiday season!

SERVICE CHARGE SUMMARY FROM NOVEMBER 1, 2004 THRU NOVEMBER 30, 2004

Type of Charge	No./Units	Price/Unit	Amount
CITIBUSINESS CHECKING # 45215777			
Average Daily Collected Balance			\$71,259.92
DEPOSIT SERVICES			
MONTHLY MAINTENANCE FEE	1	20.0000	20.00
CHECKS PAID	56	2.0000	11.20
OVERDRAFT/UNCOLLECTED ITEMS	1	30.0000	30.00
TOTAL DEPOSIT SERVICES			\$61.20
TRANSFER SERVICES			
INCOMING FUNDS TRANSFER	3	10.0000	30.00
TOTAL TRANSFER SERVICES			\$30.00
Total Charges for Services			\$91.20
CITIBUSINESS SAVINGS # 45215777			
Average Daily Collected Balance			\$1.27
DEPOSIT SERVICES			
MONTHLY MAINTENANCE FEE	1	4.5000	4.50
TOTAL DEPOSIT SERVICES			\$4.50

SERVICE CHARGE SUMMARY FROM NOVEMBER 1, 2004 THRU NOVEMBER 30, 2004**Continued**

Total Charges for Services	\$4.50
Total Non-Interest Bearing Account Charges	\$91.20
Total Interest Bearing Account Charges	\$4.50
Average collected balances	\$71,259.92
Less 10% reserve requirement	\$7,125.99
Balances eligible for Earnings Credit	\$64,133.93
Earnings Credit allowance at 1.86000%	\$95.70 ¹
Charges Subject to Earnings Credit	\$95.70
Net Service Charge	\$0.00

1 - Maximum Earnings Credit cannot exceed monthly fees eligible for offset

CHECKING ACTIVITY**CitiBusiness Checking**

0045215777

Beginning Balance:

\$10,019.30

Ending Balance:

\$30,948.77

Date	Description	Debits	Credits	Balance
12/01	CHECK NO: 6940	1,995.37		8,023.93
12/02	CHECK NO: 6933	318.00		7,705.93
12/02	CHECK NO: 6924	173.50		7,532.43
12/03	CHECK NO: 6928	680.00		6,852.43
12/03	ACH DEBIT ADP PAYROLL FEES ADP - FEES 10MJF 9151491 Dec 03	188.09		6,664.34
12/03	CHECK NO: 6939	50.94		6,613.40
12/07	ACH DEBIT AMERICAN EXPRESS ELEC REMIT 041206051416930 Dec 07	1,000.00		5,613.40
12/08	ACH DEBIT BARNARD WAY ASSESSMENT 000092H001 Dec 08	585.00		5,028.40
12/09	FUNDS TRANSFER WIRE FROM CENCO EFINING CO PANY Dec 09		200,000.00	205,028.40
12/09	ACH DEBIT ADP TX/FINCL SVC ADP - TAX 581000139491MJF Dec 09	68,709.62		136,318.78
12/10	CHECK NO: 6964	5,000.00		131,318.78
12/10	CHECK NO: 6783	1,852.54		129,466.24
12/10	CHECK NO: 6952	649.00		128,817.24
12/10	ACH DEBIT ADP TX/FINCL SVC ADP - TAX 94MJF 121050A01 Dec 10	34,996.93		93,820.31
12/10	CHECK NO: 6962	239.57		93,580.74
12/10	CHECK NO: 6963	38.76		93,541.98
12/13	CHECK NO: 6959	3,964.84		89,577.14
12/13	ACH DEBIT Con Edison INTELL CK 426403060020023 Dec 13	2,546.27		87,030.87
12/13	CHECK NO: 6958	313.32		86,717.55
12/13	CHECK NO: 6946	300.00		86,417.55
12/13	CHECK NO: 6949	221.21		86,196.34
12/13	CHECK NO: 6948	216.16		85,980.18
12/13	CHECK NO: 6947	151.20		85,828.98
12/13	CHECK NO: 6951	62.59		85,766.39
12/14	CHECK NO: 6950	353.05		85,413.34
12/14	CHECK NO: 6945	223.55		85,189.79
12/14	CHECK NO: 6953	132.16		85,057.63
12/15	CHECK NO: 6957	680.00		84,377.63
12/15	CHECK NO: 6960	100.59		84,277.04
12/15	ACH DEBIT NPS PA CONTR 166-00096 Dec 15	16,395.98		67,881.06
12/15	CHECK NO: 6956	2,260.51		65,620.55
12/16	FUNDS TRANSFER WIRE FROM CENCO EFINING CO PANY Dec 16		100,000.00	165,620.55
12/16	BA DOM WIRE OUT	55,000.00		110,620.55
12/16	CHECK NO: 6954	24,693.33		85,927.22

CHECKING ACTIVITY

Continued

Date	Description	Debits	Credits	Balance
12/16	CHECK NO: 6955	1,732.08		84,195.14
12/17	TRADE SERVICES - DR FOR REFERENCE # 0030027097	787.10		83,408.04
12/17	CHECK NO: 6979	206.40		83,201.64
12/17	ACH DEBIT ADP PAYROLL FEES ADP - FEES 10MJF 9570330 Dec 17	188.09		83,013.55
12/20	FUNDS TRANSFER WIRE FROM WILLIA WENDEROTH Dec 20		30,000.00	113,013.55
12/20	CHECK NO: 6976	282.42		112,731.13
12/20	CHECK NO: 6968	151.20		112,579.93
12/20	CHECK NO: 6975	130.35		112,449.58
12/20	CHECK NO: 6971	112.97		112,336.61
12/21	ACH DEBIT NPS PA CONTR 166-00096 Dec 21	16,772.71		95,563.90
12/21	CHECK NO: 6961	2,643.80		92,920.10
12/22	CHECK NO: 6966	75.00		92,845.10
12/22	ACH DEBIT ADP TX/FINCL SVC ADP - TAX 792000349322MJF Dec 22	67,887.74		24,957.36
12/22	CHECK NO: 6977	31.94		24,925.42
12/23	FUNDS TRANSFER WIRE FROM ENERGY MERCHANT L C Dec 23		15,000.00	39,925.42
12/23	ACH DEBIT ADP TX/FINCL SVC ADP - TAX 94MJF 122352A01 Dec 23	33,711.17		6,214.25
12/23	CHECK NO: 6972	214.61		5,999.64
12/23	CHECK NO: 6982	172.64		5,827.00
12/23	CHECK NO: 6980	60.00		5,767.00
12/23	CHECK NO: 6974	38.39		5,728.61
12/23	CHECK NO: 6969	28.25		5,700.36
12/24	ACH DEBIT ADP PAYROLL FEES ADP - FEES 10MJF 9907960 Dec 24	56.00		5,644.36
12/27	CHECK NO: 6981	801.42		4,842.94
12/27	CHECK NO: 6970	43.93		4,799.01
12/28	CHECK NO: 6978	240.00		4,559.01
12/28	CHECK NO: 6983	200.00		4,359.01
12/29	ATM DEPOSIT		29,000.00	33,359.01
12/29	CHECK NO: 6984	996.00		32,363.01
12/31	CHECK NO: 6996	183.00		32,180.01
12/31	CHECK NO: 6991	28.33		32,151.68
12/31	CHECK NO: 6990	576.95		31,574.73
12/31	CHECK NO: 6988	207.71		31,367.02
12/31	ACH DEBIT ADP PAYROLL FEES ADP - FEES 10MJF 0206877 Dec 31	188.09		31,178.93
12/31	ACH DEBIT ADP TX/FINCL SVC ADP - TAX 94MJF 123153A01 Dec 31	116.00		31,062.93
12/31	CHECK NO: 6989	90.11		30,972.82
12/31	CHECK NO: 6986	24.05		30,948.77
	Total Debits/Credits	353,070.53	374,000.00	

Checks Paid											
Check	Date	Amount	Check	Date	Amount	Check	Date	Amount	Check	Date	Amount
6783	12/10	1,852.54	6952	12/10	649.00	6964	12/10	5,000.00	6979	12/17	206.40
6924*	12/02	173.50	6953	12/14	132.16	6966*	12/22	75.00	6980	12/23	60.00
6928*	12/03	680.00	6954	12/16	24,693.33	6968*	12/20	151.20	6981	12/27	801.42
6933*	12/02	318.00	6955	12/16	1,732.08	6969	12/23	28.25	6982	12/23	172.64
6939*	12/03	50.94	6956	12/15	2,260.51	6970	12/27	43.93	6983	12/28	200.00
6940	12/01	1,995.37	6957	12/15	680.00	6971	12/20	112.97	6984	12/29	996.00
6945*	12/14	223.55	6958	12/13	313.32	6972	12/23	214.61	6986*	12/31	24.05
6946	12/13	300.00	6959	12/13	3,964.84	6974*	12/23	38.39	6988*	12/31	207.71
6947	12/13	151.20	6960	12/15	100.59	6975	12/20	130.35	6989	12/31	90.11
6948	12/13	216.16	6961	12/21	2,643.80	6976	12/20	282.42	6990	12/31	576.95
6949	12/13	221.21	6962	12/10	239.57	6977	12/22	31.94	6991	12/31	28.33
6950	12/14	353.05	6963	12/10	38.76	6978	12/28	240.00	6996*	12/31	183.00
6951	12/13	62.59									

* Indicates gap in check number sequence Number Checks Paid: 49 Totaling: \$53,941.74

CHECKING ACTIVITY**Continued****Funds Availability Services**Good Customer Recognition

You may withdraw this amount of your check deposits on the next business day.
Please note, this is in addition to funds which would normally be available on that day.

\$2,500.00**SAVINGS ACTIVITY****CitiBusiness Savings****45215777****Beginning Balance:**
Ending Balance:**\$1.27**
\$1.27

Your CitiBusiness Savings Account Rates				
For Balances of:	\$0 to \$99,999	\$100,000 to \$249,999	\$250,000 to \$24,999,999	\$25,000,000 and over
12/07 - 12/31	0.750%	1.190%	1.340%	1.340%

Interest earned year to date \$0.01

CUSTOMER SERVICE INFORMATION

IF YOU HAVE QUESTIONS ON:

YOU CAN CALL:

YOU CAN WRITE:

Checking
Savings877-528-0990
(For Speech and Hearing
Impaired Customers Only
TDD: 800-945-0258)Citibank, N.A.
P.O. Box 5870, Grand Central Station
New York, NY 10163-5870

For change in address, call your account officer or visit your branch.



CitiBusiness®

Citibank, N.A. 587
PO 5870 Grand Central Sta
New York, NY 10163

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CITIBANK, N. A.
Account
45215777
Statement Period
Nov. 1 - Nov. 30, 2004
Relationship Manager
Pantina, Anthony V
(212) 830-4956

Page 1 of 4

ENERGY MERCHANT CORP.
126 EAST 56TH STREET FLOOR 33
NEW YORK NY 10022-2606
|||||

CitiBusiness® ACCOUNT AS OF NOVEMBER 30, 2004**CitiBusiness Summary:**

Checking	\$10,019.30
Savings	\$1.27
Investments (not FDIC insured)	----
Checking Plus	----

Checking	Balance
CitiBusiness Checking	\$10,019.30
Savings	Balance
CitiBusiness Savings	\$1.27

Total Checking and Savings	\$10,020.57
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Citibank would like to wish you and yours a very happy holiday season!

SUGGESTIONS AND RECOMMENDATIONS**What is phishing?**

Phishing is when you receive an e-mail that appears to be from a legitimate source, but which is actually a fraud sent by imposters. Although they can be difficult to spot, phishing e-mails generally ask you to click a link back to a fraudulent web site and to provide, update or confirm sensitive personal information. To trick you, they often say that there is an urgent issue concerning your account and that you must reply immediately.

What you need to know:

- Don't provide personal information such PIN, SSN, or bankcard numbers
- Don't click on links in unsolicited e-mails
- Forward suspicious e-mails to us at emailspool@citigroup.com

To learn more, visit www.citibusiness.com and go to the section "beware of fraudulent e-mail."

SERVICE CHARGE SUMMARY FROM OCTOBER 1, 2004 THRU OCTOBER 31, 2004

Type of Charge	No./Units	Price/Unit	Amount
CITIBUSINESS CHECKING # 0045215777			
Average Daily Collected Balance			\$66,991.95
DEPOSIT SERVICES			
MONTHLY MAINTENANCE FEE	1	20.0000	20.00
CHECKS PAID	40	.2000	8.00
TOTAL DEPOSIT SERVICES			\$28.00
TRANSFER SERVICES			

SERVICE CHARGE SUMMARY FROM OCTOBER 1, 2004 THRU OCTOBER 31, 2004**Continued**

INCOMING FUNDS TRANSFER	4	10.0000	40.00
TOTAL TRANSFER SERVICES			\$40.00
Total Charges for Services			\$68.00
CITIBUSINESS SAVINGS # 00000045215777			
Average Daily Collected Balance			\$1.27
Total Charges for Services			\$4.50
Total Non-Interest Bearing Account Charges			\$68.00
Total Interest Bearing Account Charges			\$4.50
Average collected balances			\$66,991.95
Less 10% reserve requirement			\$6,699.19
Balances eligible for Earnings Credit			\$60,292.76
Earnings Credit allowance at 1.75000%			\$72.50 ¹
Charges Subject to Earnings Credit			\$72.50
Net Service Charge			\$0.00

1 - Maximum Earnings Credit cannot exceed monthly fees eligible for offset

CHECKING ACTIVITY**CitiBusiness Checking**
0045215777Beginning Balance: \$44,172.86
Ending Balance: \$10,019.30

Date	Description	Debits	Credits	Balance
11/01	CHECK NO: 6897	1,308.34		42,864.52
11/01	CHECK NO: 6891	28.33		42,836.19
11/01	ACH DEBIT Con Edison INTELL CK 426403060020023 Nov 01	1,202.70		41,633.49
11/01	CHECK NO: 6900	1,088.05		40,545.44
11/01	CHECK NO: 6895	226.10		40,319.34
11/01	CHECK NO: 6889	151.20		40,168.14
11/01	CHECK NO: 6888	112.97		40,055.17
11/02	CHECK NO: 6884	100.00		39,955.17
11/02	ACH DEBIT NPS PA CONTR 166-00096 Nov 02	15,772.91		24,182.26
11/02	CHECK NO: 6883	1,995.37		22,186.89
11/02	CHECK NO: 6906	216.92		21,969.97
11/02	CHECK NO: 6899	185.38		21,784.59
11/02	CHECK NO: 6887	27.82		21,756.77
11/02	CHECK NO: 6905	19.14		21,737.63
11/02	CHECK NO: 6903	6.89		21,730.74
11/03	CHECK NO: 6896	108.17		21,622.57
11/03	CHECK NO: 6898	96.68		21,525.89
11/03	CHECK NO: 6901	84.25		21,441.64
11/03	CHECK NO: 6902	50.00		21,391.64
11/04	CHECK NO: 6892	178.00		21,213.64
11/05	ACH DEBIT ADP PAYROLL FEES ADP - FEES 10MJF 8378127 Nov 05	186.77		21,026.87
11/08	CHECK NO: 8904	3,716.00		17,310.87
11/08	ACH DEBIT BARNARD WAY ASSESSMENT 000092H001 Nov 08	585.00		16,725.87
11/09	CHECK NO: 6894	256.50		16,469.37
11/10	FUNDS TRANSFER WIRE FROM CENCO EFINING CO PANY Nov 10		200,000.00	216,469.37
11/10	FUNDS TRANSFER WIRE FROM ENERGY MERCHANT L C Nov 10		25,000.00	241,469.37
11/12	CHECK NO: 6909	472.23		240,997.14
11/12	CHECK NO: 6893	468.00		240,529.14

CHECKING ACTIVITY

Continued

Date	Description	Debits	Credits	Balance
11/12	ACH DEBIT ADP TX/FINCL SVC ADP - TAX 636000070521MJF Nov 12	67,099.85		173,429.29
11/12	ACH DEBIT ADP TX/FINCL SVC ADP - TAX 94MJF 111246A01 Nov 12	35,244.95		138,184.34
11/12	ACH DEBIT ADP PAYROLL FEES ADP - FEES 10MJF 8582449 Nov 12	56.00		138,128.34
11/16	CHECK NO: 6911	3,281.55		134,846.79
11/16	CHECK NO: 6910	24,693.33		110,153.46
11/16	CHECK NO: 6913	476.86		109,676.60
11/16	CHECK NO: 6918	187.80		109,488.80
11/17	CHECK NO: 6908	4,721.27		104,767.53
11/17	CHECK NO: 6907	2,643.80		102,123.73
11/17	CHECK NO: 6912	92.55		102,031.18
11/18	ACH DEBIT NPS PA CONTR 166-00096 Nov 18	16,395.98		85,635.20
11/19	CHECK NO: 6932	915.99		84,719.21
11/19	ACH DEBIT ADP PAYROLL FEES ADP - FEES 10MJF 8750699 Nov 19	188.09		84,531.12
11/22	CHECK NO: 6882	1,560.00		82,971.12
11/22	CHECK NO: 6920	174.31		82,796.81
11/22	CHECK NO: 6922	112.97		82,683.84
11/23	FUNDS TRANSFER WIRE FROM STRATU PETROLEUM CORP Nov 23		50,000.00	132,683.84
11/23	CHECK NO: 6923	1,135.77		131,548.07
11/23	CHECK NO: 6927	396.29		131,151.78
11/23	CHECK NO: 6914	130.35		131,021.43
11/23	CHECK NO: 6915	36.40		130,985.03
11/24	CHECK NO: 6917	100.59		130,884.44
11/24	ACH DEBIT ADP TX/FINCL SVC ADP - TAX 549000236251MJF Nov 24	68,686.68		62,197.76
11/24	CHECK NO: 6919	13,467.47		48,730.29
11/24	CHECK NO: 6890	351.30		48,378.99
11/24	CHECK NO: 6926	298.00		48,080.99
11/26	CHECK NO: 6942	183.00		47,897.99
11/26	CHECK NO: 6936	28.33		47,869.66
11/26	ACH DEBIT ADP TX/FINCL SVC ADP - TAX 94MJF 112648A01 Nov 26	35,042.75		12,826.91
11/26	CHECK NO: 6929	161.33		12,665.58
11/26	CHECK NO: 6925	150.77		12,514.81
11/26	CHECK NO: 6930	45.62		12,469.19
11/26	CHECK NO: 6921	27.85		12,441.34
11/26	ACH DEBIT ADP PAYROLL FEES ADP - FEES 10MJF 8988759 Nov 26	18.76		12,422.58
11/26	CHECK NO: 6916	9.30		12,413.28
11/29	CHECK NO: 6938	1,308.34		11,104.94
11/29	ACH DEBIT NPS PA CONTR 166-00096 Nov 29	16,395.98		5,291.04
11/29	CHECK NO: 6941	577.63		5,868.67
11/29	CHECK NO: 6931	151.43		6,020.10
11/29	CHECK NO: 6935	99.79		6,119.89
11/29	CHECK NO: 6943	25.38		6,145.27
11/29	CHECK NO: 6944	14.54		6,159.81
11/30	MISC DEPOSIT		16,395.98	10,236.17
11/30	CHECK NO: 6937	138.74		10,097.43
11/30	CHECK NO: 6934	78.13		10,019.30
	Total Debits/Credits	325,549.54	291,395.98	

Checks Paid

Check	Date	Amount	Check	Date	Amount	Check	Date	Amount	Check	Date	Amount
6882	11/22	1,560.00	6893	11/12	468.00	6902	11/03	50.00	6911	11/16	3,281.55
6883	11/02	1,995.37	6894	11/09	256.50	6903	11/02	6.89	6912	11/17	92.55
6884	11/02	100.00	6895	11/01	226.10	6904	11/08	3,716.00	6913	11/16	476.86
6887	11/02	27.82	6896	11/03	108.17	6905	11/02	19.14	6914	11/23	130.35
6888	11/01	112.97	6897	11/01	1,308.34	6906	11/02	216.92	6915	11/23	36.40
6889	11/01	151.20	6898	11/03	96.68	6907	11/17	2,643.80	6916	11/26	9.30
6890	11/24	351.30	6899	11/02	185.38	6908	11/17	4,721.27	6917	11/24	100.59
6891	11/01	28.33	6900	11/01	1,088.05	6909	11/12	472.23	6918	11/16	187.80
6892	11/04	178.00	6901	11/03	84.25	6910	11/16	24,693.33	6919	11/24	13,467.47

CHECKING ACTIVITY**Continued**

Checks Paid											
Check	Date	Amount	Check	Date	Amount	Check	Date	Amount	Check	Date	Amount
6920	11/22	174.31	6926	11/24	298.00	6932	11/19	915.99	6938	11/29	1,308.34
6921	11/26	27.85	6927	11/23	396.29	6934*	11/30	78.13	6941*	11/29	577.63
6922	11/22	112.97	6929*	11/26	161.33	6935	11/29	99.79	6942	11/26	183.00
6923	11/23	1,135.77	6930	11/26	45.62	6936	11/26	28.33	6943	11/29	25.38
6925*	11/26	150.77	6931	11/29	151.43	6937	11/30	138.74	6944	11/29	14.54

* Indicates gap in check number sequence Number Checks Paid: 56 Totaling: \$68,673.12

Funds Availability ServicesGood Customer Recognition

You may withdraw this amount of your check deposits on the next business day.
Please note, this is in addition to funds which would normally be available on that day.

\$50.00**SAVINGS ACTIVITY****CitiBusiness Savings**

45215777

Beginning Balance:

\$1.27

Ending Balance:

\$1.27

Your CitiBusiness Savings Account Rates

For Balances of:	\$0 to \$99,999	\$100,000 to \$249,999	\$250,000 to \$24,999,999	\$25,000,000 and over
11/01 - 11/30	0.700%	1.090%	1.240%	1.240%

Interest earned year to date \$0.01

CUSTOMER SERVICE INFORMATION

IF YOU HAVE QUESTIONS ON:

YOU CAN CALL:

YOU CAN WRITE:

Checking
Savings

877-528-0990
(For Speech and Hearing
Impaired Customers Only
TDD: 800-945-0258)

Citibank, N.A.
P.O. Box 5870, Grand Central Station
New York, NY 10163-5870

For change in address, call your account officer or visit your branch.



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CITIBANK, N. A.
Account
45215777
Statement Period
Oct. 1 - Oct. 31, 2004
Relationship Manager
Pantina, Anthony V
(212) 830-4956

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1. 2. 3. 4. 5. 6. 7. 8. 9. 10. 11. 12. 13. 14. 15. 16. 17. 18. 19. 20. 21. 22. 23. 24. 25. 26. 27. 28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39. 40. 41. 42. 43. 44. 45. 46. 47. 48. 49. 50. 51. 52. 53. 54. 55. 56. 57. 58. 59. 60. 61. 62. 63. 64. 65. 66. 67. 68. 69. 70. 71. 72. 73. 74. 75. 76. 77. 78. 79. 80. 81. 82. 83. 84. 85. 86. 87. 88. 89. 90. 91. 92. 93. 94. 95. 96. 97. 98. 99. 100. 101. 102. 103. 104. 105. 106. 107. 108. 109. 110. 111. 112. 113. 114. 115. 116. 117. 118. 119. 120. 121. 122. 123. 124. 125. 126. 127. 128. 129. 130. 131. 132. 133. 134. 135. 136. 137. 138. 139. 140. 141. 142. 143. 144. 145. 146. 147. 148. 149. 150. 151. 152. 153. 154. 155. 156. 157. 158. 159. 160. 161. 162. 163. 164. 165. 166. 167. 168. 169. 170. 171. 172. 173. 174. 175. 176. 177. 178. 179. 180. 181. 182. 183. 184. 185. 186. 187. 188. 189. 190. 191. 192. 193. 194. 195. 196. 197. 198. 199. 200. 201. 202. 203. 204. 205. 206. 207. 208. 209. 210. 211. 212. 213. 214. 215. 216. 217. 218. 219. 220. 221. 222. 223. 224. 225. 226. 227. 228. 229. 230. 231. 232. 233. 234. 235. 236. 237. 238. 239. 240. 241. 242. 243. 244. 245. 246. 247. 248. 249. 250. 251. 252. 253. 254. 255. 256. 257. 258. 259. 260. 261. 262. 263. 264. 265. 266. 267. 268. 269. 270. 271. 272. 273. 274. 275. 276. 277. 278. 279. 280. 281. 282. 283. 284. 285. 286. 287. 288. 289. 290. 291. 292. 293. 294. 295. 296. 297. 298. 299. 300. 301. 302. 303. 304. 305. 306. 307. 308. 309. 310. 311. 312. 313. 314. 315. 316. 317. 318. 319. 320. 321. 322. 323. 324. 325. 326. 327. 328. 329. 330. 331. 332. 333. 334. 335. 336. 337. 338. 339. 340. 341. 342. 343. 344. 345. 346. 347. 348. 349. 350. 351. 352. 353. 354. 355. 356. 357. 358. 359. 360. 361. 362. 363. 364. 365. 366. 367. 368. 369. 370. 371. 372. 373. 374. 375. 376. 377. 378. 379. 380. 381. 382. 383. 384. 385. 386. 387. 388. 389. 390. 391. 392. 393. 394. 395. 396. 397. 398. 399. 400. 401. 402. 403. 404. 405. 406. 407. 408. 409. 410. 411. 412. 413. 414. 415. 416. 417. 418. 419. 420. 421. 422. 423. 424. 425. 426. 427. 428. 429. 430. 431. 432. 433. 434. 435. 436. 437. 438. 439. 440. 441. 442. 443. 444. 445. 446. 447. 448. 449. 450. 451. 452. 453. 454. 455. 456. 457. 458. 459. 460. 461. 462. 463. 464. 465. 466. 467. 468. 469. 470. 471. 472. 473. 474. 475. 476. 477. 478. 479. 480. 481. 482. 483. 484. 485. 486. 487. 488. 489. 490. 491. 492. 493. 494. 495. 496. 497. 498. 499. 500. 501. 502. 503. 504. 505. 506. 507. 508. 509. 510. 511. 512. 513. 514. 515. 516. 517. 518. 519. 520. 521. 522. 523. 524. 525. 526. 527. 528. 529. 530. 531. 532. 533. 534. 535. 536. 537. 538. 539. 540. 541. 542. 543. 544. 545. 546. 547. 548. 549. 550. 551. 552. 553. 554. 555. 556. 557. 558. 559. 560. 561. 562. 563. 564. 565. 566. 567. 568. 569. 570. 571. 572. 573. 574. 575. 576. 577. 578. 579. 580. 581. 582. 583. 584. 585. 586. 587. 588. 589. 590. 591. 592. 593. 594. 595. 596. 597. 598. 599. 600. 601. 602. 603. 604. 605. 606. 607. 608. 609. 610. 611. 612. 613. 614. 615. 616. 617. 618. 619. 620. 621. 622. 623. 624. 625. 626. 627. 628. 629. 630. 631. 632. 633. 634. 635. 636. 637. 638. 639. 640. 641. 642. 643. 644. 645. 646. 647. 648. 649. 650. 651. 652. 653. 654. 655. 656. 657. 658. 659. 660. 661. 662. 663. 664. 665. 666. 667. 668. 669. 670. 671. 672. 673. 674. 675. 676. 677. 678. 679. 680. 681. 682. 683. 684. 685. 686. 687. 688. 689. 690. 691. 692. 693. 694. 695. 696. 697. 698. 699. 700. 701. 702. 703. 704. 705. 706. 707. 708. 709. 710. 711. 712. 713. 714. 715. 716. 717. 718. 719. 720. 721. 722. 723. 724. 725. 726. 727. 728. 729. 730. 731. 732. 733. 734. 735. 736. 737. 738. 739. 740. 741. 742. 743. 744. 745. 746. 747. 748. 749. 750. 751. 752. 753. 754. 755. 756. 757. 758. 759. 760. 761. 762. 763. 764. 765. 766. 767. 768. 769. 770. 771. 772. 773. 774. 775. 776. 777. 778. 779. 780. 781. 782. 783. 784. 785. 786. 787. 788. 789. 790. 791. 792. 793. 794. 795. 796. 797. 798. 799. 800. 801. 802. 803. 804. 805. 806. 807. 808. 809. 810. 811. 812. 813. 814. 815. 816. 817. 818. 819. 820. 821. 822. 823. 824. 825. 826. 827. 828. 829. 830. 831. 832. 833. 834. 835. 836. 837. 838. 839. 840. 84

CitiBusiness Summary:

| | |
|--------------------|-------------|
| Checking | \$44,172.86 |
| Savings | \$1.27 |
| Investments | ----- |
| (not FDIC insured) | |
| Checking Plus | ----- |

Citibank's World Wallet Service® allows you complete access to Foreign Currencies, International Checks and Foreign Traveler's checks - delivered right to your door (Anywhere in the Continental U.S.). Limits/Fees apply. Call 1-800-627-3999 for details.

| | |
|-----------------------------------|--------------------|
| Checking | Balance |
| CitiBusiness Checking | \$44,172.86 |
| Savings | Balance |
| CitiBusiness Savings | \$1.27 |
| Total Checking and Savings | \$44,174.13 |

Foreign Exchange Customers, Please Note: Effective 1/1/2005 the Turkish Lira will be redenominated as the New Turkish Lira and will affect all foreign currency transactions in Turkish currency including wire transfers.

SERVICE CHARGE SUMMARY FROM SEPTEMBER 1, 2004 THRU SEPTEMBER 30, 2004

| Type of Charge | No./Units | Price/Unit | Amount |
|---|-----------|------------|-----------------|
| CITIBUSINESS CHECKING # 0045215777 | | | |
| Average Daily Collected Balance | | | \$172,952.90 |
| DEPOSIT SERVICES | | | |
| MONTHLY MAINTENANCE FEE | 1 | 20.0000 | 20.00 |
| CHECKS PAID | 47 | 2000 | 9.40 |
| TOTAL DEPOSIT SERVICES | | | \$29.40 |
| TRANSFER SERVICES | | | |
| OUTGOING INTERNATIONAL WIRETRANSFER | 1 | 40.0000 | 40.00 |
| INCOMING FUNDS TRANSFER | 4 | 10.0000 | 40.00 |
| TOTAL TRANSFER SERVICES | | | \$80.00 |
| Total Charges for Services | | | \$109.40 |
| CITIBUSINESS SAVINGS # 00000045215777 | | | |
| Average Daily Collected Balance | | | \$1.27 |
| Total Charges for Services | | | \$4.50 |
| Total Non-Interest Bearing Account Charges | | | \$109.40 |
| Total Interest Bearing Account Charges | | | \$4.50 |

SERVICE CHARGE SUMMARY FROM SEPTEMBER 1, 2004 THRU SEPTEMBER 30, 2004**Continued**

| | |
|---------------------------------------|-----------------------|
| Average collected balances | \$172,952.90 |
| Less 10% reserve requirement | \$17,295.29 |
| Balances eligible for Earnings Credit | \$155,657.61 |
| Earnings Credit allowance at 1.58000% | \$113.90 ¹ |
| Charges Subject to Earnings Credit | \$113.90 |
| Net Service Charge | \$0.00 |

1 - Maximum Earnings Credit cannot exceed monthly fees eligible for offset

CHECKING ACTIVITY**CitiBusiness Checking**

0045215777

Beginning Balance:

\$146,872.29

Ending Balance:

\$44,172.86

| Date | Description | Debits | Credits | Balance |
|-------|--|-----------|------------|------------|
| 10/01 | ACH DEBIT
ADP TX/FINCL SVC ADP - TAX 94MJF 100140A01 Oct 01 | 39,374.35 | | 107,497.94 |
| 10/01 | ACH DEBIT
ADP PAYROLL FEES ADP - FEES 10MJF 7128102 Oct 01 | 18.76 | | 107,479.18 |
| 10/04 | CHECK NO: 6846 | 560.00 | | 106,919.18 |
| 10/04 | CHECK NO: 6844 | 6,793.80 | | 100,125.38 |
| 10/04 | CHECK NO: 6847 | 578.01 | | 99,547.37 |
| 10/05 | CHECK NO: 6852 | 24,693.33 | | 74,854.04 |
| 10/05 | CHECK NO: 6848 | 358.41 | | 74,495.63 |
| 10/05 | CHECK NO: 6853 | 325.06 | | 74,170.57 |
| 10/05 | CHECK NO: 6849 | 236.55 | | 73,934.02 |
| 10/05 | CHECK NO: 6854 | 87.60 | | 73,846.42 |
| 10/06 | CHECK NO: 6861 | 10,000.00 | | 63,846.42 |
| 10/06 | CHECK NO: 6855 | 660.00 | | 63,186.42 |
| 10/06 | CHECK NO: 6850 | 9.30 | | 63,177.12 |
| 10/07 | ACH DEBIT
BARNARD WAY ASSESSMENT 000092H001 Oct 07 | 585.00 | | 62,592.12 |
| 10/08 | CHECK NO: 6858 | 433.85 | | 62,158.27 |
| 10/08 | ACH DEBIT
ADP PAYROLL FEES ADP - FEES 10MJF 7351995 Oct 08 | 189.43 | | 61,968.84 |
| 10/08 | CHECK NO: 6857 | 119.49 | | 61,849.35 |
| 10/12 | CHECK NO: 6845 | 506.42 | | 61,342.93 |
| 10/13 | FUNDS TRANSFER
WIRE FROM WWP950 9 Oct 13 | | 120,000.00 | 181,342.93 |
| 10/13 | CHECK NO: 6856 | 6,144.38 | | 175,198.55 |
| 10/14 | ACH DEBIT
ADP TX/FINCL SVC ADP - TAX 664007415639MJF Oct 14 | 73,846.43 | | 101,352.12 |
| 10/14 | CHECK NO: 6860 | 83.00 | | 101,269.12 |
| 10/15 | ACH DEBIT
ADP TX/FINCL SVC ADP - TAX 94MJF 101542A01 Oct 15 | 39,049.29 | | 62,219.83 |
| 10/15 | CHECK NO: 6862 | 1,000.00 | | 61,219.83 |
| 10/15 | ACH DEBIT
ADP PAYROLL FEES ADP - FEES 10MJF 7678107 Oct 15 | 93.68 | | 61,126.15 |
| 10/15 | CHECK NO: 6868 | 40.80 | | 61,085.35 |
| 10/18 | CHECK NO: 6881 | 10,000.00 | | 51,085.35 |
| 10/18 | CHECK NO: 6872 | 183.00 | | 50,902.35 |
| 10/18 | ACH DEBIT
NPS PA CONTR 166-00096 Oct 18 | 15,879.90 | | 35,022.45 |
| 10/18 | CHECK NO: 6871 | 313.32 | | 34,709.13 |
| 10/18 | CHECK NO: 6867 | 282.42 | | 34,426.71 |
| 10/18 | CHECK NO: 6869 | 130.35 | | 34,296.36 |
| 10/18 | CHECK NO: 6874 | 114.86 | | 34,181.50 |
| 10/18 | CHECK NO: 6878 | 24.55 | | 34,156.95 |
| 10/19 | CHECK NO: 6863 | 194.27 | | 33,962.68 |
| 10/19 | CHECK NO: 6880 | 1,982.42 | | 31,980.26 |
| 10/19 | CHECK NO: 6876 | 1,444.00 | | 30,536.26 |
| 10/19 | CHECK NO: 6879 | 348.53 | | 30,187.73 |
| 10/19 | CHECK NO: 6873 | 202.81 | | 29,984.92 |
| 10/19 | CHECK NO: 6865 | 37.85 | | 29,947.07 |

CHECKING ACTIVITY
Continued

| Date | Description | Debits | Credits | Balance |
|-----------------------------|---|-------------------|-------------------|------------|
| 10/19 | CHECK NO: 6864 | 17.27 | | 29,929.80 |
| 10/20 | CHECK NO: 6859 | 2,643.80 | | 27,286.00 |
| 10/20 | CHECK NO: 6866 | 37.87 | | 27,248.13 |
| 10/21 | CHECK NO: 6870 | 66.59 | | 27,181.54 |
| 10/21 | CHECK NO: 6877 | 183.15 | | 26,998.39 |
| 10/22 | ACH DEBIT
ADP PAYROLL FEES ADP - FEES 10MJF 7823814 Oct 22 | 189.43 | | 26,808.96 |
| 10/22 | CHECK NO: 6875 | 63.78 | | 26,745.18 |
| 10/25 | CHECK NO: 6851 | 281.52 | | 26,463.66 |
| 10/26 | FUNDS TRANSFER
WIRE FROM WWP950 9 Oct 26 | | 29,000.00 | 55,463.66 |
| 10/27 | FUNDS TRANSFER
WIRE FROM HELEN OY Oct 27 | | 75,000.00 | 130,463.66 |
| 10/27 | FUNDS TRANSFER
WIRE FROM WILLIA K WENDERO H Oct 27 | | 40,000.00 | 170,463.66 |
| 10/28 | ACH DEBIT
ADP TX/FINCL SVC ADP - TAX 674006287592MJF Oct 28 | 67,256.15 | | 103,207.51 |
| 10/29 | ACH DEBIT
ADP TX/FINCL SVC ADP - TAX 94MJF 102944A01 Oct 29 | 35,885.45 | | 67,322.06 |
| 10/29 | ACH DEBIT
AMERICAN EXPRESS ELEC REMIT 041028051108109 Oct 29 | 22,369.55 | | 44,952.51 |
| 10/29 | CHECK NO: 6886 | 577.89 | | 44,374.62 |
| 10/29 | CHECK NO: 6885 | 191.76 | | 44,182.86 |
| 10/29 | ACH DEBIT
ADP PAYROLL FEES ADP - FEES 10MJF 8062835 Oct 29 | 10.00 | | 44,172.86 |
| Total Debits/Credits | | 366,699.43 | 264,000.00 | |

Checks Paid

| Check | Date | Amount | Check | Date | Amount | Check | Date | Amount | Check | Date | Amount |
|-------|-------|-----------|-------|-------|-----------|-------|-------|--------|-------|-------|-----------|
| 6844 | 10/04 | 6,793.80 | 6854 | 10/05 | 87.60 | 6864 | 10/19 | 17.27 | 6874 | 10/18 | 114.86 |
| 6845 | 10/12 | 506.42 | 6855 | 10/06 | 660.00 | 6865 | 10/19 | 37.85 | 6875 | 10/22 | 63.78 |
| 6846 | 10/04 | 560.00 | 6856 | 10/13 | 6,144.38 | 6866 | 10/20 | 37.87 | 6876 | 10/19 | 1,444.00 |
| 6847 | 10/04 | 578.01 | 6857 | 10/08 | 119.49 | 6867 | 10/18 | 282.42 | 6877 | 10/21 | 183.15 |
| 6848 | 10/05 | 358.41 | 6858 | 10/08 | 433.85 | 6868 | 10/15 | 40.80 | 6878 | 10/18 | 24.55 |
| 6849 | 10/05 | 236.55 | 6859 | 10/20 | 2,643.80 | 6869 | 10/18 | 130.35 | 6879 | 10/19 | 348.53 |
| 6850 | 10/06 | 9.30 | 6860 | 10/14 | 83.00 | 6870 | 10/21 | 66.59 | 6880 | 10/19 | 1,982.42 |
| 6851 | 10/25 | 281.52 | 6861 | 10/06 | 10,000.00 | 6871 | 10/18 | 313.32 | 6881 | 10/18 | 10,000.00 |
| 6852 | 10/05 | 24,693.33 | 6862 | 10/15 | 1,000.00 | 6872 | 10/18 | 183.00 | 6885* | 10/29 | 191.76 |
| 6853 | 10/05 | 325.06 | 6863 | 10/19 | 194.27 | 6873 | 10/19 | 202.81 | 6886 | 10/29 | 577.89 |

* Indicates gap in check number sequence Number Checks Paid: 40 Totaling: \$71,952.01

Funds Availability Services
Good Customer Recognition

You may withdraw this amount of your check deposits on the next business day.
Please note, this is in addition to funds which would normally be available on that day.

\$2,500.00
SAVINGS ACTIVITY
CitiBusiness Savings
45215777

Beginning Balance: \$1.27
Ending Balance: \$1.27

Your CitiBusiness Savings Account Rates

| For Balances of: | \$0 to \$99,999 | \$100,000 to \$249,999 | \$250,000 to \$24,999,999 | \$25,000,000 and over |
|------------------|-----------------|------------------------|---------------------------|-----------------------|
| 10/01 - 10/31 | 0.700% | 1.090% | 1.190% | 1.190% |

Interest earned year to date \$0.01

CUSTOMER SERVICE INFORMATION

IF YOU HAVE QUESTIONS ON:

Checking
Savings

YOU CAN CALL:

877-528-0990
(For Speech and Hearing
Impaired Customers Only
TDD: 800-945-0258)

YOU CAN WRITE:

Citibank, N.A.
P.O. Box 5870, Grand Central Station
New York, NY 10163-5870

For change in address, call your account officer or visit your branch.

Citibank, N.A. 587
PO 5870 Grand Central Sta
New York, NY 10163

21227/R1/03F000/D

047
CITIBANK, N. A.
Account
45215777
Statement Period
Sept. 1 - Sept. 30, 2004
Relationship Manager
Pantina, Anthony V
(212) 830-4956

ENERGY MERCHANT CORP.
126 EAST 56TH STREET FLOOR 33
NEW YORK NY 10022-2606

|||||

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CitiBusiness® ACCOUNT AS OF SEPTEMBER 30, 2004

CitiBusiness Summary:

| | |
|-----------------------------------|--------------|
| Checking | \$146,872.29 |
| Savings | \$1.27 |
| Investments
(not FDIC insured) | ----- |
| Checking Plus | ----- |

| | |
|-----------------------|----------------|
| Checking | Balance |
| CitiBusiness Checking | \$146,872.29 |
| Savings | Balance |
| CitiBusiness Savings | \$1.27 |

Total Checking and Savings **\$146,873.56**

CitiBusiness Online now offers customers a new Secured Transactions feature that will give users greater control over wires and account transfers. Secured Transfer models will establish new user-level flags to lock certain beneficiary information from being changed by users. These flags will restrict users from changing any field on a wire or transfer other than the amount, date and special instructions fields. This new feature is available on the CitiBusiness Online demo at <http://www.citibank.com/us/citibusinessonline/>.

SUGGESTIONS AND RECOMMENDATIONS

Looking for new investment options? Citibank offers a wide range of short term investment products with maturities ranging from one day to one year. You can automate your investment services using CitiBusiness Online. Contact your Relationship Manager to get started.

SERVICE CHARGE SUMMARY FROM AUGUST 1, 2004 THRU AUGUST 31, 2004

| Type of Charge | No./Units | Price/Unit | Amount |
|---|-----------|------------|-------------|
| CITIBUSINESS CHECKING # 0045215777 | | | |
| Average Daily Collected Balance | | | \$95,253.81 |
| DEPOSIT SERVICES | | | |
| MONTHLY MAINTENANCE FEE | 1 | 20.0000 | 20.00 |
| CHECKS PAID | 67 | .2000 | 13.40 |
| TOTAL DEPOSIT SERVICES | | | \$33.40 |
| TRANSFER SERVICES | | | |
| INCOMING FUNDS TRANSFER | 4 | 10.0000 | 40.00 |

SERVICE CHARGE SUMMARY FROM AUGUST 1, 2004 THRU AUGUST 31, 2004**Continued**

| | |
|---|----------------------|
| TOTAL TRANSFER SERVICES | \$40.00 |
| Total Charges for Services | \$73.40 |
| CITIBUSINESS SAVINGS # 00000045215777 | |
| Average Daily Collected Balance | \$1.27 |
| Total Charges for Services | \$4.50 |
| Total Non-Interest Bearing Account Charges | \$73.40 |
| Total Interest Bearing Account Charges | \$4.50 |
| Average collected balances | \$95,253.81 |
| Less 10% reserve requirement | \$9,525.38 |
| Balances eligible for Earnings Credit | \$85,728.43 |
| Earnings Credit allowance at 1.43000% | \$77.90 ¹ |
| Charges Subject to Earnings Credit | \$77.90 |
| Net Service Charge | \$0.00 |

1 - Maximum Earnings Credit cannot exceed monthly fees eligible for offset

CHECKING ACTIVITY**CitiBusiness Checking**
0045215777Beginning Balance: \$238,050.88
Ending Balance: \$146,872.29

| Date | Description | Debits | Credits | Balance |
|------|---|-----------|------------|------------|
| 9/01 | CHECK NO: 6778 | 196.77 | | 237,854.11 |
| 9/01 | CHECK NO: 6793 | 97.33 | | 237,756.78 |
| 9/01 | CHECK NO: 6794 | 91.61 | | 237,665.17 |
| 9/02 | FUNDS TRANSFER
WIRE FROM ENERGY MERCHANT L C Sep 02 | | 38,500.00 | 276,165.17 |
| 9/02 | ACH DEBIT
ADP TX/FINCL SVC ADP - TAX 694003442657MJF Sep 02 | 53,661.64 | | 222,503.53 |
| 9/03 | ACH DEBIT
ADP TX/FINCL SVC ADP - TAX 94MJF 090336A01 Sep 03 | 28,583.15 | | 193,920.38 |
| 9/08 | ACH DEBIT
AMERICAN EXPRESS ELEC REMIT 040907051339456 Sep 08 | 16,056.89 | | 177,863.49 |
| 9/09 | CHECK NO: 6661 | 6,000.00 | | 171,863.49 |
| 9/10 | ACH DEBIT
BARNARD WAY ASSESSMENT 000092H001 Sep 10 | 585.00 | | 171,278.49 |
| 9/10 | ACH DEBIT
ADP PAYROLL FEES ADP - FEES 10MJF 6477278 Sep 10 | 179.73 | | 171,098.76 |
| 9/13 | ACH DEBIT
NPS PA CONTR 166-00096 Sep 13 | 8,415.35 | | 162,683.41 |
| 9/16 | FUNDS TRANSFER
WIRE FROM ENERGY MERCHANT L C Sep 16 | | 70,000.00 | 232,683.41 |
| 9/16 | TRADE SERVICES - DR
FOR REFERENCE # 0030027097 | 787.10 | | 231,896.31 |
| 9/16 | CHECK NO: 6802 | 1,400.00 | | 230,496.31 |
| 9/16 | ACH DEBIT
ADP TX/FINCL SVC ADP - TAX 722001074190MJF Sep 16 | 70,522.68 | | 159,973.63 |
| 9/17 | FUNDS TRANSFER
WIRE FROM WWP950 9 Sep 17 | | 100,000.00 | 259,973.63 |
| 9/17 | ACH DEBIT
ADP TX/FINCL SVC ADP - TAX 94MJF 091738A02 Sep 17 | 38,717.77 | | 221,255.86 |
| 9/17 | ACH DEBIT
ADP TX/FINCL SVC ADP - TAX 671005782783MJF Sep 17 | 2,914.49 | | 218,341.37 |
| 9/17 | ACH DEBIT
ADP TX/FINCL SVC ADP - TAX 94MJF 091738A03 Sep 17 | 2,095.77 | | 216,245.60 |
| 9/17 | CHECK NO: 6811 | 160.65 | | 216,084.95 |
| 9/17 | ACH DEBIT
ADP PAYROLL FEES ADP - FEES 10MJF 6659391 Sep 17 | 56.00 | | 216,028.95 |
| 9/20 | CHECK NO: 6816 | 65.38 | | 215,963.57 |
| 9/20 | CHECK NO: 6804 | 24,693.33 | | 191,270.24 |

CHECKING ACTIVITY
Continued

| Date | Description | Debits | Credits | Balance |
|------|--|-------------------|-------------------|------------|
| 9/20 | CHECK NO: 6821 | 1,887.66 | | 189,382.58 |
| 9/20 | ACH DEBIT
Con Edison INTELL CK 426403060020023 Sep 20 | 1,406.43 | | 187,976.15 |
| 9/20 | CHECK NO: 6812 | 151.20 | | 187,824.95 |
| 9/20 | CHECK NO: 6809 | 134.28 | | 187,690.67 |
| 9/21 | CHECK NO: 6817 | 1,982.42 | | 185,708.25 |
| 9/21 | CHECK NO: 6822 | 317.68 | | 185,390.57 |
| 9/22 | CHECK NO: 6806 | 669.00 | | 184,721.57 |
| 9/22 | CHECK NO: 6819 | 66.59 | | 184,654.98 |
| 9/22 | CHECK NO: 6803 | 15,000.00 | | 169,654.98 |
| 9/22 | CHECK NO: 6815 | 2,010.66 | | 167,644.32 |
| 9/22 | CHECK NO: 6813 | 481.21 | | 167,163.11 |
| 9/22 | CHECK NO: 6805 | 221.28 | | 166,941.83 |
| 9/22 | CHECK NO: 6818 | 86.52 | | 166,855.31 |
| 9/22 | CHECK NO: 6810 | 76.22 | | 166,779.09 |
| 9/22 | CHECK NO: 6820 | 25.38 | | 166,753.71 |
| 9/23 | INT'L WIRE OUT | 16,000.00 | | 150,753.71 |
| 9/23 | ACH DEBIT
NPS PA CONTR 166-00096 Sep 23 | 13,369.21 | | 137,384.50 |
| 9/24 | CHECK NO: 6808 | 680.00 | | 136,704.50 |
| 9/24 | CHECK NO: 6824 | 478.64 | | 136,225.86 |
| 9/24 | ACH DEBIT
ADP PAYROLL FEES ADP - FEES 10MJF 6908072 Sep 24 | 199.29 | | 136,026.57 |
| 9/24 | CHECK NO: 6838 | 134.64 | | 135,891.93 |
| 9/24 | CHECK NO: 6807 | 67.29 | | 135,824.64 |
| 9/27 | CHECK NO: 6834 | 1,308.34 | | 134,516.30 |
| 9/27 | CHECK NO: 6823 | 450.00 | | 134,066.30 |
| 9/27 | CHECK NO: 6835 | 420.00 | | 133,646.30 |
| 9/27 | CHECK NO: 6839 | 183.00 | | 133,463.30 |
| 9/27 | CHECK NO: 6843 | 140.00 | | 133,323.30 |
| 9/27 | CHECK NO: 6827 | 27.57 | | 133,295.73 |
| 9/27 | CHECK NO: 6826 | 7,560.30 | | 125,735.43 |
| 9/27 | CHECK NO: 6829 | 406.25 | | 125,329.18 |
| 9/27 | CHECK NO: 6801 | 309.71 | | 125,019.47 |
| 9/27 | CHECK NO: 6836 | 280.00 | | 124,739.47 |
| 9/27 | CHECK NO: 6832 | 130.35 | | 124,609.12 |
| 9/27 | CHECK NO: 6831 | 112.97 | | 124,496.15 |
| 9/27 | CHECK NO: 6840 | 87.61 | | 124,408.54 |
| 9/27 | CHECK NO: 6842 | 24.25 | | 124,384.29 |
| 9/28 | CHECK NO: 6833 | 1,995.37 | | 122,388.92 |
| 9/28 | CHECK NO: 6830 | 220.55 | | 122,168.37 |
| 9/28 | CHECK NO: 6828 | 0.08 | | 122,168.29 |
| 9/29 | CHECK NO: 6837 | 282.70 | | 121,885.59 |
| 9/29 | CHECK NO: 6814 | 184.50 | | 121,701.09 |
| 9/29 | CHECK NO: 6825 | 109.02 | | 121,592.07 |
| 9/29 | CHECK NO: 6841 | 27.82 | | 121,564.25 |
| 9/30 | FUNDS TRANSFER
WIRE FROM WWP950 9 Sep 30 | | 100,000.00 | 221,564.25 |
| 9/30 | ACH DEBIT
ADP TX/FINCL SVC ADP - TAX 715001368913MJF Sep 30 | 74,691.96 | | 146,872.29 |
| | Total Debits/Credits | 399,678.59 | 308,500.00 | |

Checks Paid

| Check | Date | Amount | Check | Date | Amount | Check | Date | Amount | Check | Date | Amount |
|-------|------|-----------|-------|------|----------|-------|------|----------|-------|------|----------|
| 6661 | 9/09 | 6,000.00 | 6809 | 9/20 | 134.28 | 6821 | 9/20 | 1,887.66 | 6833 | 9/28 | 1,995.37 |
| 6778* | 9/01 | 196.77 | 6810 | 9/22 | 76.22 | 6822 | 9/21 | 317.68 | 6834 | 9/27 | 1,308.34 |
| 6793* | 9/01 | 97.33 | 6811 | 9/17 | 160.65 | 6823 | 9/27 | 450.00 | 6835 | 9/27 | 420.00 |
| 6794 | 9/01 | 91.61 | 6812 | 9/20 | 151.20 | 6824 | 9/24 | 478.64 | 6836 | 9/27 | 280.00 |
| 6801* | 9/27 | 309.71 | 6813 | 9/22 | 481.21 | 6825 | 9/29 | 109.02 | 6837 | 9/29 | 282.70 |
| 6802 | 9/16 | 1,400.00 | 6814 | 9/29 | 184.50 | 6826 | 9/27 | 7,560.30 | 6838 | 9/24 | 134.64 |
| 6803 | 9/22 | 15,000.00 | 6815 | 9/22 | 2,010.66 | 6827 | 9/27 | 27.57 | 6839 | 9/27 | 183.00 |
| 6804 | 9/20 | 24,693.33 | 6816 | 9/20 | 65.38 | 6828 | 9/28 | 0.08 | 6840 | 9/27 | 87.61 |
| 6805 | 9/22 | 221.28 | 6817 | 9/21 | 1,982.42 | 6829 | 9/27 | 406.25 | 6841 | 9/29 | 27.82 |
| 6806 | 9/22 | 669.00 | 6818 | 9/22 | 86.52 | 6830 | 9/28 | 220.55 | 6842 | 9/27 | 24.25 |
| 6807 | 9/24 | 67.29 | 6819 | 9/22 | 66.59 | 6831 | 9/27 | 112.97 | 6843 | 9/27 | 140.00 |
| 6808 | 9/24 | 680.00 | 6820 | 9/22 | 25.38 | 6832 | 9/27 | 130.35 | | | |

* Indicates gap in check number sequence

Number Checks Paid.

47

Totaling:

\$71,436.13

CHECKING ACTIVITY**Continued****Funds Availability Services****Good Customer Recognition**

You may withdraw this amount of your check deposits on the next business day.
Please note, this is in addition to funds which would normally be available on that day.

\$1,000.00**SAVINGS ACTIVITY****CitiBusiness Savings**

45215777

Beginning Balance:**\$1.27****Ending Balance:****\$1.27****Your CitiBusiness Savings Account Rates**

| For Balances of: | \$0 to \$99,999 | \$100,000 to \$249,999 | \$250,000 to \$24,999,999 | \$25,000,000 and over |
|------------------|-----------------|------------------------|---------------------------|-----------------------|
| 9/01 - 9/30 | 0.650% | 1.040% | 1.190% | 1.190% |

Interest earned year to date \$0.01

CUSTOMER SERVICE INFORMATION**IF YOU HAVE QUESTIONS ON:****YOU CAN CALL:****YOU CAN WRITE:**Checking
Savings877-528-0990
(For Speech and Hearing
Impaired Customers Only
TDD: 800-945-0258)Citibank, N.A.
P.O. Box 5870, Grand Central Station
New York, NY 10163-5870

For change in address, call your account officer or visit your branch.

Citibank, N.A. 587
PO 5870 Grand Central Sta
New York, NY 10163

151837A1/01F000/0

067
CITIBANK, N. A.
Account
45215777
Statement Period
Aug. 1 - Aug. 31, 2004
Relationship Manager
Pantina, Anthony V
(212) 830-4956

ENERGY MERCHANT CORP.
126 EAST 56TH STREET FLOOR 33
NEW YORK NY 10022-2606

|||||.....

Page 1 of 4

CitiBusiness® ACCOUNT AS OF AUGUST 31, 2004

CitiBusiness Summary:

| | |
|-----------------------------------|--------------|
| Checking | \$238,050.88 |
| Savings | \$1.27 |
| Investments
(not FDIC insured) | ----- |
| Checking Plus | ----- |

| | |
|-----------------------------------|---------------------|
| Checking | Balance |
| CitiBusiness Checking | \$238,050.88 |
| Savings | Balance |
| CitiBusiness Savings | \$1.27 |
| Total Checking and Savings | \$238,052.15 |

If you are a CitiBusiness Online user, beginning in August a new feature called Flexible Recurring Wires and Transfers will be available. The benefits of this new feature are a business day frequency of wire transfers, four variable transfer amount options and a time-of-day transfer option. All this new functionality is available on the Citibusiness Online demo at <http://www.citibank.com/us/citibusinessonline/>. From the demo page, choose either the "Cash Management" or the "Escrow and Cash Management" options then choose Transfers and Payments.

SERVICE CHARGE SUMMARY FROM JULY 1, 2004 THRU JULY 31, 2004

| Type of Charge | No./Units | Price/Unit | Amount |
|---|-----------|------------|-----------------|
| CITIBUSINESS CHECKING # 0045215777 | | | |
| Average Daily Collected Balance | | | \$173,259.72 |
| DEPOSIT SERVICES | | | |
| MONTHLY MAINTENANCE FEE | 1 | 20.0000 | 20.00 |
| CHECKS PAID | 45 | 2.0000 | 9.00 |
| TOTAL DEPOSIT SERVICES | | | \$29.00 |
| TRANSFER SERVICES | | | |
| OUTGOING INTERNATIONAL WIRETRANSFER | 1 | 40.0000 | 40.00 |
| INCOMING FUNDS TRANSFER | 4 | 10.0000 | 40.00 |
| TOTAL TRANSFER SERVICES | | | \$80.00 |
| Total Charges for Services | | | \$109.00 |
| CITIBUSINESS SAVINGS # 0045215777 | | | |
| Average Daily Collected Balance | | | \$1.27 |
| Total Charges for Services | | | \$4.50 |

SERVICE CHARGE SUMMARY FROM JULY 1, 2004 THRU JULY 31, 2004**Continued**

| | |
|---|-----------------------|
| Total Non-Interest Bearing Account Charges | \$109.00 |
| Total Interest Bearing Account Charges | \$4.50 |
| Average collected balances | \$173,259.72 |
| Less 10% reserve requirement | \$17,325.97 |
| Balances eligible for Earnings Credit | \$155,933.75 |
| Earnings Credit allowance at 1.37000% | \$113.50 ¹ |
| Charges Subject to Earnings Credit | \$113.50 |
| Net Service Charge | \$0.00 |

1 - Maximum Earnings Credit cannot exceed monthly fees eligible for offset

CHECKING ACTIVITY**CitiBusiness Checking**

0045215777

Beginning Balance:

\$140,409.95

Ending Balance:

\$238,050.88

| Date | Description | Debits | Credits | Balance |
|-------------|---|---------------|----------------|----------------|
| 8/02 | CHECK NO: 6728 | 1,080.12 | | 139,329.83 |
| 8/02 | CHECK NO: 6731 | 504.90 | | 138,824.93 |
| 8/02 | CHECK NO: 6720 | 280.00 | | 138,544.93 |
| 8/03 | ACH DEBIT
NPS PA CONTR 166-00096 Aug 03 | 8,394.00 | | 130,150.93 |
| 8/03 | CHECK NO: 6685 | 182.90 | | 129,968.03 |
| 8/05 | FUNDS TRANSFER
WIRE FROM ENERGY MERCHANT L C Aug 05 | | 41,500.00 | 171,468.03 |
| 8/05 | CHECK NO: 6754 | 307.21 | | 171,160.82 |
| 8/05 | CHECK NO: 6760 | 180.00 | | 170,980.82 |
| 8/05 | ACH DEBIT
ADP TX/FINCL SVC ADP - TAX 686003312396MJF Aug 05 | 53,500.32 | | 117,480.50 |
| 8/05 | ACH DEBIT
AMERICAN EXPRESS ELEC REMIT 040804050893779 Aug 05 | 7,194.00 | | 110,286.50 |
| 8/05 | CHECK NO: 6759 | 119.34 | | 110,167.16 |
| 8/05 | CHECK NO: 6752 | 74.46 | | 110,092.70 |
| 8/06 | ACH DEBIT
ADP TX/FINCL SVC ADP - TAX 94MJF 080632A01 Aug 06 | 28,707.06 | | 81,385.64 |
| 8/06 | CHECK NO: 6737 | 544.98 | | 80,840.66 |
| 8/06 | CHECK NO: 6735 | 133.51 | | 80,707.15 |
| 8/06 | CHECK NO: 6749 | 123.83 | | 80,583.32 |
| 8/06 | CHECK NO: 6751 | 92.95 | | 80,500.37 |
| 8/09 | CHECK NO: 6739 | 1,308.34 | | 79,192.03 |
| 8/09 | CHECK NO: 6747 | 317.40 | | 78,874.63 |
| 8/09 | CHECK NO: 6736 | 183.00 | | 78,691.63 |
| 8/09 | ACH DEBIT
BARNARD WAY ASSESSMENT 000092H001 Aug 09 | 585.00 | | 78,106.63 |
| 8/09 | CHECK NO: 6740 | 112.97 | | 77,993.66 |
| 8/09 | CHECK NO: 6753 | 19.06 | | 77,974.60 |
| 8/10 | CHECK NO: 6742 | 33,750.95 | | 44,223.65 |
| 8/10 | CHECK NO: 6741 | 1,995.37 | | 42,228.28 |
| 8/10 | CHECK NO: 6756 | 1,808.84 | | 40,419.44 |
| 8/10 | CHECK NO: 6743 | 425.32 | | 39,994.12 |
| 8/10 | CHECK NO: 6748 | 351.54 | | 39,642.58 |
| 8/10 | CHECK NO: 6755 | 157.00 | | 39,485.58 |
| 8/10 | CHECK NO: 6738 | 115.24 | | 39,370.34 |
| 8/10 | CHECK NO: 6746 | 92.11 | | 39,278.23 |
| 8/10 | CHECK NO: 6750 | 0.47 | | 39,277.76 |
| 8/11 | CHECK NO: 6744 | 2,643.80 | | 36,633.96 |
| 8/11 | CHECK NO: 6745 | 33.45 | | 36,600.51 |
| 8/12 | CHECK NO: 6758 | 680.00 | | 35,920.51 |
| 8/13 | CHECK NO: 6712 | 6,268.60 | | 29,651.91 |
| 8/13 | ACH DEBIT
ADP PAYROLL FEES ADP - FEES 10MJF 5598156 Aug 13 | 179.73 | | 29,472.18 |
| 8/17 | CHECK NO: 6763 | 130.35 | | 29,341.83 |

CHECKING ACTIVITY

Continued

| Date | Description | Debits | Credits | Balance |
|------|--|-------------------|-------------------|------------|
| 8/18 | FUNDS TRANSFER
WIRE FROM ENERGY MERCHANT L C Aug 18 | | 41,250.00 | 70,591.83 |
| 8/18 | ACH DEBIT
NPS PA CONTR 166-00096 Aug 18 | 8,394.00 | | 62,197.83 |
| 8/18 | CHECK NO: 6762 | 30.79 | | 62,167.04 |
| 8/19 | FUNDS TRANSFER
WIRE FROM WWP950 9 Aug 19 | | 150,000.00 | 212,167.04 |
| 8/19 | ACH DEBIT
ADP TX/FINCL SVC ADP - TAX 703002562525MJF Aug 19 | 53,533.80 | | 158,633.24 |
| 8/20 | CHECK NO: 6764 | 66.59 | | 158,566.65 |
| 8/20 | ACH DEBIT
ADP TX/FINCL SVC ADP - TAX 94MJF 082034A01 Aug 20 | 28,739.51 | | 129,827.14 |
| 8/20 | CHECK NO: 6769 | 179.04 | | 129,648.10 |
| 8/20 | ACH DEBIT
ADP PAYROLL FEES ADP - FEES 10MJF 5841952 Aug 20 | 56.00 | | 129,592.10 |
| 8/23 | CHECK NO: 6775 | 391.00 | | 129,201.10 |
| 8/23 | ACH DEBIT
Con Edison INTELL CK 426403060020023 Aug 23 | 1,748.78 | | 127,452.32 |
| 8/23 | CHECK NO: 6771 | 151.20 | | 127,301.12 |
| 8/23 | CHECK NO: 6768 | 112.97 | | 127,188.15 |
| 8/24 | CHECK NO: 6757 | 10,960.00 | | 116,228.15 |
| 8/24 | CHECK NO: 6765 | 1,013.25 | | 115,214.90 |
| 8/24 | CHECK NO: 6767 | 353.03 | | 114,861.87 |
| 8/24 | CHECK NO: 6776 | 242.64 | | 114,619.23 |
| 8/24 | CHECK NO: 6770 | 126.31 | | 114,492.92 |
| 8/24 | CHECK NO: 6766 | 37.80 | | 114,455.12 |
| 8/24 | CHECK NO: 6777 | 27.82 | | 114,427.30 |
| 8/25 | CHECK NO: 6773 | 1,900.94 | | 112,526.36 |
| 8/27 | ACH DEBIT
NPS PA CONTR 166-00096 Aug 27 | 8,404.67 | | 104,121.69 |
| 8/27 | CHECK NO: 6772 | 247.50 | | 103,874.19 |
| 8/27 | CHECK NO: 6796 | 231.54 | | 103,642.65 |
| 8/27 | ACH DEBIT
ADP PAYROLL FEES ADP - FEES 10MJF 6077054 Aug 27 | 179.73 | | 103,462.92 |
| 8/30 | CHECK NO: 6792 | 1,308.34 | | 102,154.58 |
| 8/30 | CHECK NO: 6797 | 183.00 | | 101,971.58 |
| 8/30 | CHECK NO: 6788 | 46.46 | | 101,925.12 |
| 8/30 | CHECK NO: 6787 | 28.33 | | 101,896.79 |
| 8/30 | CHECK NO: 6798 | 575.65 | | 101,321.14 |
| 8/30 | CHECK NO: 6786 | 389.89 | | 100,931.25 |
| 8/30 | CHECK NO: 6781 | 123.83 | | 100,807.42 |
| 8/30 | CHECK NO: 6800 | 88.16 | | 100,719.26 |
| 8/30 | CHECK NO: 6799 | 24.22 | | 100,695.04 |
| 8/31 | FUNDS TRANSFER
WIRE FROM WWP950 9 Aug 31 | | 150,000.00 | 250,695.04 |
| 8/31 | CHECK NO: 6761 | 6,765.14 | | 243,929.90 |
| 8/31 | CHECK NO: 6795 | 2,643.80 | | 241,286.10 |
| 8/31 | CHECK NO: 6784 | 1,995.37 | | 239,290.73 |
| 8/31 | CHECK NO: 6779 | 510.00 | | 238,780.73 |
| 8/31 | CHECK NO: 6785 | 349.90 | | 238,430.83 |
| 8/31 | CHECK NO: 6791 | 140.31 | | 238,290.52 |
| 8/31 | CHECK NO: 6774 | 73.93 | | 238,216.59 |
| 8/31 | CHECK NO: 6789 | 60.42 | | 238,156.17 |
| 8/31 | CHECK NO: 6782 | 40.90 | | 238,115.27 |
| 8/31 | CHECK NO: 6780 | 38.12 | | 238,077.15 |
| 8/31 | CHECK NO: 6790 | 26.27 | | 238,050.88 |
| | Total Debits/Credits | 285,109.07 | 382,750.00 | |

Checks Paid

| Check | Date | Amount | Check | Date | Amount | Check | Date | Amount | Check | Date | Amount |
|-------|------|----------|-------|------|-----------|-------|------|--------|-------|------|-----------|
| 6685 | 8/03 | 182.90 | 6738 | 8/10 | 115.24 | 6746 | 8/10 | 92.11 | 6754 | 8/05 | 307.21 |
| 6712* | 8/13 | 6,268.60 | 6739 | 8/09 | 1,308.34 | 6747 | 8/09 | 317.40 | 6755 | 8/10 | 157.00 |
| 6720* | 8/02 | 280.00 | 6740 | 8/09 | 112.97 | 6748 | 8/10 | 351.54 | 6756 | 8/10 | 1,808.84 |
| 6728* | 8/02 | 1,080.12 | 6741 | 8/10 | 1,995.37 | 6749 | 8/06 | 123.83 | 6757 | 8/24 | 10,960.00 |
| 6731* | 8/02 | 504.90 | 6742 | 8/10 | 33,750.95 | 6750 | 8/10 | 0.47 | 6758 | 8/12 | 680.00 |
| 6735* | 8/06 | 133.51 | 6743 | 8/10 | 425.32 | 6751 | 8/06 | 82.95 | 6759 | 8/05 | 119.34 |
| 6736 | 8/09 | 183.00 | 6744 | 8/11 | 2,643.80 | 6752 | 8/05 | 74.46 | 6760 | 8/05 | 180.00 |
| 6737 | 8/06 | 544.98 | 6745 | 8/11 | 33.45 | 6753 | 8/09 | 19.06 | 6761 | 8/31 | 6,765.14 |

CHECKING ACTIVITY**Continued**

| Checks Paid | | | | | | | | | | | |
|-------------|------|----------|-------|------|----------|-------|------|----------|-------|------|----------|
| Check | Date | Amount | Check | Date | Amount | Check | Date | Amount | Check | Date | Amount |
| 6762 | 8/18 | 30.79 | 6771 | 8/23 | 151.20 | 6781 | 8/30 | 123.83 | 6791 | 8/31 | 140.31 |
| 6763 | 8/17 | 130.35 | 6772 | 8/27 | 247.50 | 6782 | 8/31 | 40.90 | 6792 | 8/30 | 1,308.34 |
| 6764 | 8/20 | 66.59 | 6773 | 8/25 | 1,900.94 | 6784* | 8/31 | 1,995.37 | 6795* | 8/31 | 2,643.80 |
| 6765 | 8/24 | 1,013.25 | 6774 | 8/31 | 73.93 | 6785 | 8/31 | 349.90 | 6796 | 8/27 | 231.54 |
| 6766 | 8/24 | 37.80 | 6775 | 8/23 | 391.00 | 6786 | 8/30 | 389.89 | 6797 | 8/30 | 183.00 |
| 6767 | 8/24 | 353.03 | 6776 | 8/24 | 242.64 | 6787 | 8/30 | 28.33 | 6798 | 8/30 | 575.65 |
| 6768 | 8/23 | 112.97 | 6777 | 8/24 | 27.82 | 6788 | 8/30 | 46.46 | 6799 | 8/30 | 24.22 |
| 6769 | 8/20 | 179.04 | 6779* | 8/31 | 510.00 | 6789 | 8/31 | 60.42 | 6800 | 8/30 | 88.16 |
| 6770 | 8/24 | 126.31 | 6780 | 8/31 | 38.12 | 6790 | 8/31 | 26.27 | | | |

* Indicates gap in check number sequence Number Checks Paid: 67 Totaling: \$85,492.47

Funds Availability ServicesGood Customer Recognition

You may withdraw this amount of your check deposits on the next business day.
Please note, this is in addition to funds which would normally be available on that day.

\$1,000.00**SAVINGS ACTIVITY****CitiBusiness Savings**

45215777

Beginning Balance:

\$1.27

Ending Balance:

\$1.27

Your CitiBusiness Savings Account Rates

| For Balances of: | \$0 to \$99,999 | \$100,000 to \$249,999 | \$250,000 to \$24,999,999 | \$25,000,000 and over |
|------------------|-----------------|------------------------|---------------------------|-----------------------|
| 8/01 - 8/31 | 0.600% | 1.000% | 1.140% | 1.140% |

Interest earned year to date \$0.01

CUSTOMER SERVICE INFORMATION

IF YOU HAVE QUESTIONS ON:

YOU CAN CALL:

YOU CAN WRITE:

Checking
Savings

877-528-0990
(For Speech and Hearing
Impaired Customers Only
TDD: 800-945-0258)

Citibank, N.A.
P.O. Box 5870, Grand Central Station
New York, NY 10163-5870

For change in address, call your account officer or visit your branch.



19162/RR1/03F000/0

045
CITIBANK, N. A.
Account
45215777
Statement Period
July 1 - July 31, 2004
Relationship Manager
Pantina, Anthony V
(212) 830-4956

Page 1 of 4

I...lll,,ll.....l,l.,l.,ll..ll..l..l..l..ll...ll..ll..ll

CitiBusiness Summary:

| | |
|--------------------|--------------|
| Checking | \$140,409.95 |
| Savings | \$1.27 |
| Investments | |
| (not FDIC insured) | |
| Checking Plus | |

TAKE OFF WITH THE RIGHT CURRENCY.

Citibank's World Wallet Service® allows you complete access to Foreign Currencies, International Checks and Foreign Traveler's checks - delivered right to your door (Anywhere in the Continental U.S.). Limits/Fees apply. Call 1-800-627-3999 for details.

| | |
|-----------------------------------|---------------------|
| Checking | Balance |
| CitiBusiness Checking | \$140,409.95 |
| Savings | Balance |
| CitiBusiness Savings | \$1.27 |
| Total Checking and Savings | \$140,411.22 |

SERVICE CHARGE SUMMARY FROM JUNE 1, 2004 THRU JUNE 30, 2004

63

SERVICE CHARGE SUMMARY FROM JUNE 1, 2004 THRU JUNE 30, 2004**Continued**Earnings Credit allowance at 1.12000%
Charges Subject to Earnings Credit\$139.70¹
\$139.70**Net Service Charge****\$0.00**

1 - Maximum Earnings Credit cannot exceed monthly fees eligible for offset

CHECKING ACTIVITY**CitiBusiness Checking****0045215777****Beginning Balance:**
Ending Balance:\$244,995.19
\$140,409.95

| Date | Description | Debits | Credits | Balance |
|------|---|------------|------------|------------|
| 7/01 | FUNDS TRANSFER
WIRE FROM WWP950 9 Jul 01 | | 100,000.00 | 344,995.19 |
| 7/01 | ACH DEBIT
ADP TX/FINCL SVC ADP - TAX 731000456031MJF Jul 01 | 101,396.57 | | 243,598.62 |
| 7/01 | ACH DEBIT
AMERICAN EXPRESS ELEC REMIT 040630051376113 Jul 01 | 24,077.55 | | 219,521.07 |
| 7/02 | ACH DEBIT
ADP TX/FINCL SVC ADP - TAX 94MJF 070227A01 Jul 02 | 76,757.33 | | 142,763.74 |
| 7/02 | ACH DEBIT
NPS PA CONTR 166-00096 Jul 02 | 8,970.96 | | 133,792.78 |
| 7/02 | CHECK NO: 6678 | 194.00 | | 133,598.78 |
| 7/02 | ACH DEBIT
ADP PAYROLL FEES ADP - FEES 10MJF 4289514 Jul 02 | 168.12 | | 133,430.66 |
| 7/02 | CHECK NO: 6697 | 163.20 | | 133,267.46 |
| 7/02 | CHECK NO: 6695 | 57.12 | | 133,210.34 |
| 7/06 | INT'L WIRE OUT | 16,000.00 | | 117,210.34 |
| 7/06 | CHECK NO: 6698 | 1,100.00 | | 116,110.34 |
| 7/06 | CHECK NO: 6692 | 304.08 | | 115,806.26 |
| 7/06 | CHECK NO: 6693 | 24,693.33 | | 91,112.93 |
| 7/06 | CHECK NO: 6687 | 573.09 | | 90,539.84 |
| 7/06 | CHECK NO: 6690 | 362.00 | | 90,177.84 |
| 7/06 | CHECK NO: 6696 | 161.49 | | 90,016.35 |
| 7/06 | CHECK NO: 6689 | 107.54 | | 89,908.81 |
| 7/06 | CHECK NO: 6694 | 50.00 | | 89,858.81 |
| 7/07 | ACH DEBIT
NPS PA CONTR 166-00096 Jul 07 | 5,328.22 | | 84,530.59 |
| 7/07 | CHECK NO: 6686 | 276.00 | | 84,254.59 |
| 7/07 | CHECK NO: 6688 | 232.07 | | 84,022.52 |
| 7/07 | CHECK NO: 6701 | 97.41 | | 83,925.11 |
| 7/08 | FUNDS TRANSFER
WIRE FROM ENERGY MERCHANT L C Jul 08 | | 34,500.00 | 118,425.11 |
| 7/08 | ACH DEBIT
ADP TX/FINCL SVC ADP - TAX 030015578022MJF Jul 08 | 50,599.57 | | 67,825.54 |
| 7/08 | ACH DEBIT
BARNARD WAY ASSESSMENT 000092H001 Jul 08 | 585.00 | | 67,240.54 |
| 7/08 | CHECK NO: 6704 | 130.35 | | 67,110.19 |
| 7/09 | FUNDS TRANSFER
WIRE FROM WWP950 9 Jul 09 | | 200,000.00 | 267,110.19 |
| 7/09 | ACH DEBIT
ADP TX/FINCL SVC ADP - TAX 94MJF 070928A01 Jul 09 | 26,893.75 | | 240,216.44 |
| 7/09 | CHECK NO: 6691 | 1,775.82 | | 238,440.62 |
| 7/09 | ACH DEBIT
ADP PAYROLL FEES ADP - FEES 10MJF 4468621 Jul 09 | 158.88 | | 238,281.74 |
| 7/12 | CHECK NO: 6706 | 2,565.40 | | 235,716.34 |
| 7/12 | CHECK NO: 6699 | 1,059.59 | | 234,656.75 |
| 7/12 | CHECK NO: 6700 | 27.60 | | 234,629.15 |
| 7/13 | CHECK NO: 6707 | 43.83 | | 234,585.32 |
| 7/13 | CHECK NO: 6702 | 35.23 | | 234,550.09 |
| 7/13 | CHECK NO: 6703 | 30.00 | | 234,520.09 |
| 7/15 | ACH DEBIT
NPS PA CONTR 166-00096 Jul 15 | 7,740.32 | | 226,779.77 |
| 7/16 | CHECK NO: 6708 | 10,000.00 | | 216,779.77 |
| 7/16 | CHECK NO: 6709 | 7,560.30 | | 209,219.47 |
| 7/16 | CHECK NO: 6717 | 313.32 | | 208,906.15 |



ENERGY MERCHANT CORP.

Account 45215777 Page 3 of 4
Statement Period - July 1 - July 31, 2004

19164/R1/03F000/O

CHECKING ACTIVITY**Continued**

| Date | Description | Debits | Credits | Balance |
|-----------------------------|--|-------------------|-------------------|------------|
| 7/16 | ACH DEBIT
ADP PAYROLL FEES ADP - FEES 10MJF 4775111 Jul 16 | 216.09 | | 208,690.06 |
| 7/19 | CHECK NO: 6713 | 282.42 | | 208,407.64 |
| 7/19 | CHECK NO: 6711 | 226.76 | | 208,180.88 |
| 7/20 | CHECK NO: 6714 | 66.59 | | 208,114.29 |
| 7/20 | CHECK NO: 6710 | 5,838.87 | | 202,275.42 |
| 7/20 | CHECK NO: 6719 | 3,360.40 | | 198,915.02 |
| 7/20 | CHECK NO: 6718 | 208.89 | | 198,706.13 |
| 7/20 | CHECK NO: 6716 | 27.76 | | 198,678.37 |
| 7/22 | FUNDS TRANSFER
WIRE FROM ENERGY MERCHANT L C Jul 22 | | 38,600.00 | 237,278.37 |
| 7/22 | ACH DEBIT
ADP TX/FINCL SVC ADP - TAX 730000602855MJF Jul 22 | 53,500.43 | | 183,777.94 |
| 7/22 | CHECK NO: 6715 | 2,023.68 | | 181,754.26 |
| 7/23 | CHECK NO: 6721 | 680.00 | | 181,074.26 |
| 7/23 | ACH DEBIT
ADP TX/FINCL SVC ADP - TAX 94MJF 072330A01 Jul 23 | 28,706.96 | | 152,367.30 |
| 7/23 | ACH DEBIT
ADP PAYROLL FEES ADP - FEES 10MJF 4941151 Jul 23 | 56.00 | | 152,311.30 |
| 7/26 | CHECK NO: 6730 | 1,076.20 | | 151,235.10 |
| 7/26 | CHECK NO: 6727 | 151.20 | | 151,083.90 |
| 7/26 | CHECK NO: 6724 | 21.97 | | 151,061.93 |
| 7/27 | CHECK NO: 6726 | 1,900.94 | | 149,160.99 |
| 7/27 | CHECK NO: 6733 | 40.80 | | 149,120.19 |
| 7/28 | CHECK NO: 6723 | 680.00 | | 148,440.19 |
| 7/28 | CHECK NO: 6734 | 360.00 | | 148,080.19 |
| 7/28 | CHECK NO: 6722 | 28.33 | | 148,051.86 |
| 7/28 | CHECK NO: 6732 | 5,264.21 | | 142,787.65 |
| 7/28 | ACH DEBIT
Con Edison INTELL CK 426403060020023 Jul 28 | 1,956.80 | | 140,830.85 |
| 7/28 | CHECK NO: 6729 | 135.00 | | 140,695.85 |
| 7/28 | CHECK NO: 6725 | 94.57 | | 140,601.28 |
| 7/30 | ACH DEBIT
ADP PAYROLL FEES ADP - FEES 10MJF 5155648 Jul 30 | 191.33 | | 140,409.95 |
| Total Debits/Credits | | 477,685.24 | 373,100.00 | |

Checks Paid

| Check | Date | Amount | Check | Date | Amount | Check | Date | Amount | Check | Date | Amount |
|-------|------|-----------|-------|------|-----------|-------|------|----------|-------|------|----------|
| 6678 | 7/02 | 194.00 | 6697 | 7/02 | 163.20 | 6709 | 7/16 | 7,560.30 | 6722 | 7/28 | 28.33 |
| 6686 | 7/07 | 276.00 | 6698 | 7/06 | 1,100.00 | 6710 | 7/20 | 5,838.87 | 6723 | 7/28 | 680.00 |
| 6687 | 7/06 | 573.09 | 6699 | 7/12 | 1,059.59 | 6711 | 7/19 | 226.76 | 6724 | 7/26 | 21.97 |
| 6688 | 7/07 | 232.07 | 6700 | 7/12 | 27.60 | 6713 | 7/19 | 282.42 | 6725 | 7/28 | 94.57 |
| 6689 | 7/06 | 107.54 | 6701 | 7/07 | 97.41 | 6714 | 7/20 | 66.59 | 6726 | 7/27 | 1,900.94 |
| 6690 | 7/06 | 362.00 | 6702 | 7/13 | 35.23 | 6715 | 7/22 | 2,023.68 | 6727 | 7/26 | 151.20 |
| 6691 | 7/09 | 1,775.82 | 6703 | 7/13 | 30.00 | 6716 | 7/20 | 27.76 | 6729 | 7/28 | 135.00 |
| 6692 | 7/06 | 304.08 | 6704 | 7/08 | 130.35 | 6717 | 7/16 | 313.32 | 6730 | 7/26 | 1,076.20 |
| 6693 | 7/06 | 24,693.33 | 6706 | 7/12 | 2,565.40 | 6718 | 7/20 | 208.89 | 6732 | 7/28 | 5,264.21 |
| 6694 | 7/06 | 50.00 | 6707 | 7/13 | 43.83 | 6719 | 7/20 | 3,360.40 | 6733 | 7/27 | 40.80 |
| 6695 | 7/02 | 57.12 | 6708 | 7/16 | 10,000.00 | 6721 | 7/23 | 680.00 | 6734 | 7/28 | 360.00 |
| 6696 | 7/06 | 161.49 | | | | | | | | | |

* Indicates gap in check number sequence Number Checks Paid: 45 Totaling: \$74,381.36

Funds Availability Services**Good Customer Recognition**You may withdraw this amount of your check deposits on the next business day.
Please note, this is in addition to funds which would normally be available on that day.**\$1,000.00**

SAVINGS ACTIVITY**CitiBusiness Savings**
45215777**Beginning Balance:** \$1.27
Ending Balance: \$1.27

| Your CitiBusiness Savings Account Rates | | | | |
|---|-----------------|------------------------|---------------------------|-----------------------|
| For Balances of: | \$0 to \$99,999 | \$100,000 to \$249,999 | \$250,000 to \$24,999,999 | \$25,000,000 and over |
| 7/01 - 7/31 | 0.600% | 1.000% | 1.090% | 1.090% |

Interest earned year to date \$0.01

CUSTOMER SERVICE INFORMATION

IF YOU HAVE QUESTIONS ON:

YOU CAN CALL:

YOU CAN WRITE:

Checking
Savings877-528-0990
(For Speech and Hearing
Impaired Customers Only
TDD: 800-945-0258)Citibank, N.A.
P.O. Box 5870, Grand Central Station
New York, NY 10163-5870

For change in address, call your account officer or visit your branch.

Citibank, N.A. 587
PO 5870 Grand Central Sta
New York, NY 10163

20576/R1/03F000/0

045
CITIBANK, N. A.
Account
45215777
Statement Period
June 1 - June 30, 2004
Relationship Manager
Pantina, Anthony V
(212) 830-4956

ENERGY MERCHANT CORP.
126 EAST 56TH STREET FLOOR 33
NEW YORK NY 10022-2606
.....

Page 1 of 4

CitiBusiness® ACCOUNT AS OF JUNE 30, 2004

CitiBusiness Summary:

| | |
|--------------------|--------------|
| Checking | \$244,995.19 |
| Savings | \$1.27 |
| Investments | ---- |
| (not FDIC insured) | |
| Checking Plus | ---- |

Effective July 31, 2004 Citibank will discontinue the Manually Initiated Funds Transfer (MIFT) service. Clients faxing wire requests to 800-935-3165(716-831-6494 for International clients) are encouraged to visit www.citibank.com (Puerto Rico customers please visit www.citibank.com.pr) for wire origination options available through our online banking services.

| | |
|-----------------------------------|---------------------|
| Checking | Balance |
| CitiBusiness Checking | \$244,995.19 |
| Savings | Balance |
| CitiBusiness Savings | \$1.27 |
| Total Checking and Savings | \$244,996.46 |

IMPORTANT ACCOUNT INFORMATION. Please read this notice and keep it with your account records. Effective July 1, 2004, the Legal Process Compliance Service Fee will increase from \$100 to \$125 per item. This notice amends your current CitiBusiness Schedule of Standard Fees and Charges.

SUGGESTIONS AND RECOMMENDATIONS

Important Account Information. Please read this notice and keep it with your account records. Effective June 25, 2004 Citibank will change the order that incoming checks will be paid against your account. Effective that date, we will pay your checks in order of largest to smallest dollar amount. This notice amends your current Customer Manual.

SERVICE CHARGE SUMMARY FROM MAY 1, 2004 THRU MAY 31, 2004

| Type of Charge | No./Units | Price/Unit | Amount |
|---|-----------|------------|----------------|
| CITIBUSINESS CHECKING # 0045215777 | | | |
| Average Daily Collected Balance | | | \$803,511.75 |
| DEPOSIT SERVICES | | | |
| MONTHLY MAINTENANCE FEE | 1 | 20.0000 | 20.00 |
| CHECKS PAID | 71 | 2000 | 14.20 |
| DEPOSIT TICKETS | 1 | 2000 | 0.20 |
| ITEMS DEPOSITED | 4 | 2000 | 0.80 |
| TOTAL DEPOSIT SERVICES | | | \$35.20 |
| TRANSFER SERVICES | | | |
| OUTGOING DOMESTIC FUNDTRANSFER | 5 | 25.0000 | 125.00 |
| INCOMING FUNDS TRANSFER | 2 | 10.0000 | 20.00 |

SERVICE CHARGE SUMMARY FROM MAY 1, 2004 THRU MAY 31, 2004**Continued**

| | |
|---|-----------------------|
| TOTAL TRANSFER SERVICES | \$145.00 |
| Total Charges for Services | \$180.20 |
| CITIBUSINESS SAVINGS # 0045215777 | |
| Average Daily Collected Balance | \$1.27 |
| Total Charges for Services | \$4.50 |
| Total Non-Interest Bearing Account Charges | \$180.20 |
| Total Interest Bearing Account Charges | \$4.50 |
| Average collected balances | \$803,511.75 |
| Less 10% reserve requirement | \$80,351.17 |
| Balances eligible for Earnings Credit | \$723,160.58 |
| Earnings Credit allowance at 1.04000% | \$184.70 ¹ |
| Charges Subject to Earnings Credit | \$184.70 |
| Net Service Charge | \$0.00 |

1 - Maximum Earnings Credit cannot exceed monthly fees eligible for offset

CHECKING ACTIVITY**CitiBusiness Checking**
0045215777Beginning Balance: \$346,361.55
Ending Balance: \$244,995.19

| Date | Description | Debits | Credits | Balance |
|------|--|-------------|--------------|------------|
| 6/01 | CHECK NO: 6641 | 66.64 | | 346,294.91 |
| 6/01 | CHECK NO: 6638 | 9.18 | | 346,285.73 |
| 6/01 | CHECK NO: 6644 | 119.18 | | 346,166.55 |
| 6/01 | CHECK NO: 6637 | 1,995.37 | | 344,171.18 |
| 6/01 | CHECK NO: 6633 | 2,643.80 | | 341,527.38 |
| 6/01 | CHECK NO: 6628 | 12,090.00 | | 329,437.38 |
| 6/02 | CHECK NO: 6626 | 317.00 | | 329,120.38 |
| 6/02 | CHECK NO: 6632 | 9.30 | | 329,111.08 |
| 6/02 | CHECK NO: 6629 | 829.61 | | 328,281.47 |
| 6/02 | ACH DEBIT
AMERICAN EXPRESS ELEC REMIT 040601051569182 Jun 02 | 16,761.35-- | | 311,520.12 |
| 6/03 | CHECK NO: 6615 | 25.00 | | 311,495.12 |
| 6/03 | CHECK NO: 6647 | 27.76 | | 311,467.36 |
| 6/03 | CHECK NO: 6634 | 37.01 | | 311,430.35 |
| 6/03 | CHECK NO: 6649 | 92.16 | | 311,338.19 |
| 6/03 | CHECK NO: 6652 | 288.66 | | 311,049.53 |
| 6/03 | CHECK NO: 6645 | 330.38 | | 310,719.15 |
| 6/04 | ACH DEBIT
ADP PAYROLL FEES ADP - FEES 10MJF 3459690 Jun 04 | 286.82 | | 310,432.33 |
| 6/07 | CHECK NO: 6654 | 1,015.82 | | 309,416.51 |
| 6/07 | CHECK NO: 6655 | 1,713.31 | | 307,703.20 |
| 6/07 | CHECK NO: 6651 | 24,134.00 | | 283,569.20 |
| 6/08 | ELECTRONIC CREDIT
ADP TX/FINCL SVC ADP - TAX 94MJF 0897379VV Jun 08 | | 64.64 | 283,633.84 |
| 6/08 | ELECTRONIC CREDIT
ADP TX/FINCL SVC ADP - TAX 94MJF 0897380VV Jun 08 | | 663.98 | 284,297.82 |
| 6/09 | DEPOSIT | | 437.43 - | 284,735.25 |
| 6/09 | FUNDS TRANSFER
WIRE FROM ENERGY MERCHANT L C Jun 09 | | 34,000.00 -- | 318,735.25 |
| 6/09 | DOM WIRE OUT | 55,000.00 | | 263,735.25 |
| 6/09 | CHECK NO: 6659 | 489.20 | | 263,246.05 |
| 6/09 | CHECK NO: 6653 | 246.00 | | 263,000.05 |
| 6/09 | ACH DEBIT
BARNARD WAY ASSESSMENT 000092H001 Jun 09 | 585.00 | | 262,415.05 |
| 6/10 | ACH DEBIT
ADP TX/FINCL SVC ADP - TAX 94MJF 061124M01 Jun 10 | 49,369.11 | | 213,045.94 |

CHECKING ACTIVITY

Continued

| Date | Description | Debits | Credits | Balance |
|------|--|-------------------|-------------------|------------|
| 6/11 | ACH DEBIT
ADP TX/FINCL SVC ADP - TAX 94MJF 061124A01 Jun 11 | 27,340.85 | | 185,705.09 |
| 6/14 | CHECK NO: 6657 | 66.64 | | 185,638.45 |
| 6/14 | CHECK NO: 6658 | 42.91 | | 185,595.54 |
| 6/14 | ACH DEBIT
NPS PA CONTR 166-00096 Jun 14 | 9,082.96 | | 176,512.58 |
| 6/15 | FUNDS TRANSFER
WIRE FROM WWP950 9 Jun 15 | | 200,000.00 | 376,512.58 |
| 6/16 | TRADE SERVICES - DR
FOR REFERENCE # 0030027097 | 787.10 | | 375,725.48 |
| 6/17 | CHECK NO: 6656 | 130.35 | | 375,595.13 |
| 6/17 | CHECK NO: 6660 | 897.84 | | 374,697.29 |
| 6/18 | ACH DEBIT
ADP PAYROLL FEES ADP - FEES 10MJF 3828495 Jun 18 | 224.12 | | 374,473.17 |
| 6/18 | CHECK NO: 6663 | 1,900.94 | | 372,572.23 |
| 6/21 | CHECK NO: 6666 | 680.00 | | 371,892.23 |
| 6/21 | CHECK NO: 6662 | 158.71 | | 371,733.52 |
| 6/21 | CHECK NO: 6665 | 164.53 | | 371,568.99 |
| 6/22 | CHECK NO: 6664 | 282.42 | | 371,286.57 |
| 6/23 | FUNDS TRANSFER
WIRE FROM ENERGY MERCHANT L C Jun 23 | | 35,000.00 | 406,286.57 |
| 6/23 | DOM WIRE OUT | 13,625.50 | | 392,661.07 |
| 6/23 | DOM WIRE OUT | 55,000.00 | | 337,661.07 |
| 6/24 | ELECTRONIC CREDIT
ADP TX/FINCL SVC ADP - TAX 94MJF 0976696VV Jun 24 | | 24.91 | 337,685.98 |
| 6/24 | CHECK NO: 6667 | 110.00 | | 337,575.98 |
| 6/24 | CHECK NO: 6671 | 123.83 | | 337,452.15 |
| 6/24 | CHECK NO: 6677 | 268.56 | | 337,183.59 |
| 6/24 | ACH DEBIT
ADP TX/FINCL SVC ADP - TAX 94MJF 062526M01 Jun 24 | 49,797.64 | | 287,385.95 |
| 6/25 | CHECK NO: 6682 | 183.00 | | 287,202.95 |
| 6/25 | CHECK NO: 6669 | 28.33 | | 287,174.62 |
| 6/25 | ACH DEBIT
ADP TX/FINCL SVC ADP - TAX 94MJF 062526A01 Jun 25 | 26,470.23 | | 260,704.39 |
| 6/25 | ACH DEBIT
NPS PA CONTR 166-00096 Jun 25 | 8,970.96 | | 251,733.43 |
| 6/25 | CHECK NO: 6673 | 151.20 | | 251,582.23 |
| 6/25 | CHECK NO: 6674 | 112.97 | | 251,469.26 |
| 6/25 | CHECK NO: 6668 | 24.07 | | 251,445.19 |
| 6/25 | ACH DEBIT
ADP PAYROLL FEES ADP - FEES 10MJF 4103599 Jun 25 | 18.68 | | 251,426.51 |
| 6/28 | CHECK NO: 6672 | 1,308.34 | | 250,118.17 |
| 6/28 | CHECK NO: 6675 | 30.21 | | 250,087.96 |
| 6/29 | CHECK NO: 6676 | 1,995.37 | | 248,092.59 |
| 6/29 | ACH DEBIT
Con Edison INTELL CK 426403060020023 Jun 29 | 1,310.65 | | 246,781.94 |
| 6/29 | CHECK NO: 6670 | 353.50 | | 246,428.44 |
| 6/29 | CHECK NO: 6679 | 156.87 | | 246,271.57 |
| 6/29 | CHECK NO: 6684 | 9.09 | | 246,262.48 |
| 6/30 | ATM DEPOSIT | | 175.22 | 246,437.70 |
| 6/30 | WITHDRAWAL | 1,054.75 | | 245,382.95 |
| 6/30 | CHECK NO: 6681 | 360.00 | | 245,022.95 |
| 6/30 | CHECK NO: 6683 | 27.76 | | 244,995.19 |
| | Total Debits/Credits | 371,732.54 | 270,366.18 | |

Checks Paid

| Check | Date | Amount | Check | Date | Amount | Check | Date | Amount | Check | Date | Amount |
|-------|------|-----------|-------|------|-----------|-------|------|----------|-------|------|----------|
| 6615 | 6/03 | 25.00 | 6645 | 6/03 | 330.38 | 6659 | 6/09 | 489.20 | 6671 | 6/24 | 123.83 |
| 6626* | 6/02 | 317.00 | 6647* | 6/03 | 27.76 | 6660 | 6/17 | 897.84 | 6672 | 6/28 | 1,308.34 |
| 6628* | 6/01 | 12,090.00 | 6649* | 6/03 | 92.16 | 6662* | 6/21 | 158.71 | 6673 | 6/25 | 151.20 |
| 6629 | 6/02 | 829.61 | 6651* | 6/07 | 24,134.00 | 6663 | 6/18 | 1,900.94 | 6674 | 6/25 | 112.97 |
| 6632* | 6/02 | 9.30 | 6652 | 6/03 | 288.66 | 6664 | 6/22 | 282.42 | 6675 | 6/28 | 30.21 |
| 6633 | 6/01 | 2,643.80 | 6653 | 6/09 | 246.00 | 6665 | 6/21 | 164.53 | 6676 | 6/29 | 1,995.37 |
| 6634 | 6/03 | 37.01 | 6654 | 6/07 | 1,015.82 | 6666 | 6/21 | 680.00 | 6677 | 6/24 | 268.56 |
| 6637* | 6/01 | 1,995.37 | 6655 | 6/07 | 1,713.31 | 6667 | 6/24 | 110.00 | 6679* | 6/29 | 156.87 |
| 6638 | 6/01 | 9.18 | 6656 | 6/17 | 130.35 | 6668 | 6/25 | 24.07 | 6681* | 6/30 | 360.00 |
| 6641* | 6/01 | 66.64 | 6657 | 6/14 | 66.64 | 6669 | 6/25 | 28.33 | 6682 | 6/25 | 183.00 |
| 6644* | 6/01 | 119.18 | 6658 | 6/14 | 42.91 | 6670 | 6/29 | 353.50 | 6683 | 6/30 | 27.76 |

CHECKING ACTIVITY**Continued**

| Checks Paid | | | | | | | | |
|-------------|------|--------|-------|------|--------|-------|------|--------|
| Check | Date | Amount | Check | Date | Amount | Check | Date | Amount |
| 6684 | 6/29 | 9.09 | | | | | | |

* Indicates gap in check number sequence Number Checks Paid: 45 Totaling: \$56,046.82

Funds Availability ServicesGood Customer Recognition

You may withdraw this amount of your check deposits on the next business day.
Please note, this is in addition to funds which would normally be available on that day.

\$1,000.00**SAVINGS ACTIVITY****CitiBusiness Savings**

45215777

Beginning Balance:**\$1.27****Ending Balance:****\$1.27**

| Your CitiBusiness Savings Account Rates | | | | | |
|---|-----------------|------------------------|---------------------------|-----------------------|--|
| For Balances of: | \$0 to \$99,999 | \$100,000 to \$249,999 | \$250,000 to \$24,999,999 | \$25,000,000 and over | |
| 6/01 - 6/30 | 0.600% | 1.000% | 1.090% | 1.090% | |

Interest earned year to date \$0.01

CUSTOMER SERVICE INFORMATION

IF YOU HAVE QUESTIONS ON:

YOU CAN CALL:

YOU CAN WRITE:

Checking
Savings877-528-0990
(For Speech and Hearing
Impaired Customers Only
TDD: 800-945-0258)Citibank, N.A.
P.O. Box 5870, Grand Central Station
New York, NY 10163-5870

For change in address, call your account officer or visit your branch.

Citibank, N.A. 587
PO 5870 Grand Central Sta
New York, NY 10163

13917/01/01F000/D

071
CITIBANK, N.A.
Account
45215777
Statement Period
May 1 - May 31, 2004
Relationship Manager
Pantina, Anthony V
(212) 830-4956

ENERGY MERCHANT CORP.
126 EAST 56TH STREET FLOOR 33
NEW YORK NY 10022-2606

|||||

Page 1 of 4

CitiBusiness[®] ACCOUNT AS OF MAY 31, 2004

CitiBusiness Summary:

| | |
|--------------------|--------------|
| Checking | \$346,361.55 |
| Savings | \$1.27 |
| Investments | ---- |
| (not FDIC insured) | ---- |
| Checking Plus | ---- |

Effective July 31, 2004 Citibank will discontinue the Manually Initiated Funds Transfer (MIFT) service. Clients faxing wire requests to 800-935-3165(716-831-6494 for international clients) are encouraged to visit www.citibank.com (Puerto Rico customers please visit [www.citibank.com.pr](http://www.citibank.com/pr)) for wire origination options available through our online banking services

| | |
|-----------------------------------|---------------------|
| Checking | Balance |
| CitiBusiness Checking | \$346,361.55 |
| Savings | Balance |
| CitiBusiness Savings | \$1.27 |
| Total Checking and Savings | \$346,362.82 |

IMPORTANT ACCOUNT INFORMATION. Please read this notice and keep it with your account records. Effective July 1, 2004, the Legal Process Compliance Service Fee will increase from \$100 to \$125 per item. This notice amends your current CitiBusiness Schedule of Standard Fees and Charges.

SERVICE CHARGE SUMMARY FROM APRIL 1, 2004 THRU APRIL 30, 2004

| Type of Charge | No./Units | Price/Unit | Amount |
|---|-----------|------------|-----------------|
| CITIBUSINESS CHECKING # 0045215777 | | | |
| Average Daily Collected Balance | | | \$412,965.97 |
| DEPOSIT SERVICES | | | |
| MONTHLY MAINTENANCE FEE | 1 | 20.0000 | 20.00 |
| CHECKS PAID | 42 | 2.0000 | 84.00 |
| TOTAL DEPOSIT SERVICES | | | \$28.40 |
| TRANSFER SERVICES | | | |
| OUTGOING DOMESTIC FUNDS TRANSFER | 2 | 25.0000 | 50.00 |
| OUTGOING INTERNATIONAL WIRE TRANSFER | 1 | 40.0000 | 40.00 |
| INCOMING FUNDS TRANSFER | 5 | 10.0000 | 50.00 |
| TOTAL TRANSFER SERVICES | | | \$140.00 |
| Total Charges for Services | | | \$168.40 |
| CITIBUSINESS SAVINGS # 0045215777 | | | |
| Average Daily Collected Balance | | | \$1.27 |
| Total Charges for Services | | | \$4.50 |
| Total Non-Interest Bearing Account Charges | | | \$168.40 |

SERVICE CHARGE SUMMARY FROM APRIL 1, 2004 THRU APRIL 30, 2004**Continued**

| | |
|---|-----------------------|
| Total Interest Bearing Account Charges | \$4.50 |
| Average collected balances | \$412,965.97 |
| Less 10% reserve requirement | \$41,296.59 |
| Balances eligible for Earnings Credit | \$371,669.38 |
| Earnings Credit allowance at 1.04000% | \$172.90 ¹ |
| Charges Subject to Earnings Credit | \$172.90 |
| Net Service Charge | \$0.00 |

1 - Maximum Earnings Credit cannot exceed monthly fees eligible for offset

CHECKING ACTIVITY**CitiBusiness Checking**
0045215777Beginning Balance: \$1,110,235.48
Ending Balance: \$346,361.55

| Date | Description | Debits | Credits | Balance |
|------|---|-----------|-----------|--------------|
| 5/03 | CHECK NO: 6591 | 23.60 | | 1,110,211.88 |
| 5/03 | CHECK NO: 6587 | 28.08 | | 1,110,183.80 |
| 5/03 | CHECK NO: 6576 | 112.97 | | 1,110,070.83 |
| 5/03 | CHECK NO: 6577 | 123.46 | | 1,109,947.37 |
| 5/03 | CHECK NO: 6573 | 123.83 | | 1,109,823.54 |
| 5/03 | CHECK NO: 6567 | 183.00 | | 1,109,640.54 |
| 5/03 | CHECK NO: 6580 | 451.83 | | 1,109,188.71 |
| 5/03 | CHECK NO: 6581 | 1,308.34 | | 1,107,880.37 |
| 5/04 | CHECK NO: 6588 | 30.24 | | 1,107,850.13 |
| 5/04 | CHECK NO: 6579 | 30.35 | | 1,107,819.78 |
| 5/04 | CHECK NO: 6572 | 62.49 | | 1,107,757.29 |
| 5/04 | CHECK NO: 6586 | 91.83 | | 1,107,665.46 |
| 5/04 | CHECK NO: 6570 | 95.14 | | 1,107,570.32 |
| 5/04 | CHECK NO: 6574 | 243.74 | | 1,107,326.58 |
| 5/05 | DOM WIRE OUT | 80,000.00 | | 1,027,326.58 |
| 5/05 | CHECK NO: 6569 | 5.99 | | 1,027,320.59 |
| 5/05 | CHECK NO: 6584 | 118.06 | | 1,027,202.53 |
| 5/05 | CHECK NO: 6578 | 328.47 | | 1,026,874.06 |
| 5/06 | CHECK NO: 6566 | 9.30 | | 1,026,864.76 |
| 5/06 | CHECK NO: 6544 | 6,800.00 | | 1,020,064.76 |
| 5/07 | CHECK NO: 6589 | 16.42 | | 1,020,048.34 |
| 5/07 | CHECK NO: 6592 | 16.67 | | 1,020,031.67 |
| 5/07 | CHECK NO: 6582 | 52.13 | | 1,019,979.54 |
| 5/07 | ACH DEBIT
ADP PAYROLL FEES ADP - FEES 10MJF 2576024 May 07 | 169.36 | | 1,019,810.18 |
| 5/07 | ACH DEBIT
BARNARD WAY ASSESSMENT 000092H001 May 07 | 585.00 | | 1,019,225.18 |
| 5/07 | ACH DEBIT
AMERICAN EXPRESS ELEC REMIT 040506051049260 May 07 | 18,722.29 | | 1,000,502.89 |
| 5/10 | CHECK NO: 6575 | 477.65 | | 1,000,025.24 |
| 5/10 | CHECK NO: 6594 | 570.82 | | 999,454.42 |
| 5/10 | CHECK NO: 6568 | 1,150.85 | | 998,303.57 |
| 5/10 | ACH DEBIT
Con Edison INTELL CK 426403060020023 May 10 | 1,546.24 | | 996,757.33 |
| 5/10 | ACH DEBIT
NPS PA CONTR 166-00096 May 10 | 9,114.96 | | 987,642.37 |
| 5/10 | ACH DEBIT
NPS PA CONTR 166-00096 May 10 | 9,286.01 | | 978,356.36 |
| 5/11 | CHECK NO: 6585 | 27.76 | | 978,328.60 |
| 5/11 | CHECK NO: 6595 | 150.16 | | 978,178.44 |
| 5/11 | CHECK NO: 6590 | 351.55 | | 977,826.89 |
| 5/11 | CHECK NO: 6596 | 1,995.37 | | 975,831.52 |
| 5/12 | FUNDS TRANSFER
WIRE FROM ENERGY MERCHANT L C May 12 | | 36,400.00 | 1,012,231.52 |
| 5/12 | CHECK NO: 6571 | 261.67 | | 1,011,969.85 |
| 5/12 | CHECK NO: 6593 | 50,000.00 | | 961,969.85 |
| 5/13 | DOM WIRE OUT | 55,000.00 | | 906,969.85 |

CHECKING ACTIVITY

Continued

| Date | Description | Debits | Credits | Balance |
|------|--|-------------------|------------------|------------|
| 5/13 | CHECK NO: 6607 | 130.35 | | 906,839.50 |
| 5/13 | CHECK NO: 6601 | 332.62 | | 906,506.88 |
| 5/13 | ACH DEBIT
ADP TX/FINCL SVC ADP - TAX 94MJF 051420M01 May 13 | 49,745.39 | | 856,761.49 |
| 5/14 | ACH DEBIT
ADP TX/FINCL SVC ADP - TAX 94MJF 051420A01 May 14 | 28,911.03 | | 827,850.46 |
| 5/17 | CHECK NO: 6598 | 80.18 | | 827,770.28 |
| 5/17 | CHECK NO: 6600 | 274.82 | | 827,495.46 |
| 5/17 | CHECK NO: 6597 | 1,737.31 | | 825,758.15 |
| 5/17 | CHECK NO: 6603 | 1,900.94 | | 823,857.21 |
| 5/17 | CHECK NO: 6602 | 5,000.00 | | 818,857.21 |
| 5/17 | CHECK NO: 6610 | 29,631.10 | | 789,226.11 |
| 5/18 | CHECK NO: 6604 | 238.04 | | 788,988.07 |
| 5/18 | CHECK NO: 6606 | 2,129.51 | | 786,858.56 |
| 5/19 | CHECK NO: 6612 | 110.00 | | 786,748.56 |
| 5/19 | CHECK NO: 6599 | 2,643.80 | | 784,104.76 |
| 5/20 | DOM WIRE OUT | 42,053.02 | | 742,051.74 |
| 5/20 | CHECK NO: 6608 | 18.60 | | 742,033.14 |
| 5/20 | CHECK NO: 6609 | 28.69 | | 742,004.45 |
| 5/21 | CHECK NO: 6618 | 223.80 | | 741,780.65 |
| 5/21 | ACH DEBIT
ADP PAYROLL FEES ADP - FEES 10MJF 2961925 May 21 | 225.36 | | 741,555.29 |
| 5/21 | CHECK NO: 6619 | 337.62 | | 741,217.67 |
| 5/21 | ACH DEBIT
Con Edison INTELL CK 426403060020023 May 21 | 835.64 | | 740,382.03 |
| 5/21 | ACH DEBIT
NPS PA CONTR 166-00096 May 21 | 9,114.96 | | 731,267.07 |
| 5/24 | CHECK NO: 6622 | 28.33 | | 731,238.74 |
| 5/24 | CHECK NO: 6621 | 23.98 | | 731,214.76 |
| 5/24 | CHECK NO: 6620 | 151.20 | | 731,063.56 |
| 5/24 | CHECK NO: 6611 | 51,542.50 | | 679,521.06 |
| 5/25 | DEPOSIT | | 1,176.32 | 680,697.38 |
| 5/25 | CHECK NO: 6613 | 940.00 | | 679,757.38 |
| 5/25 | CHECK NO: 6627 | 70.81 | | 679,686.57 |
| 5/25 | CHECK NO: 6605 | 82.34 | | 679,604.23 |
| 5/25 | CHECK NO: 6617 | 158.21 | | 679,446.02 |
| 5/25 | CHECK NO: 6625 | 200.00 | | 679,246.02 |
| 5/25 | CHECK NO: 6624 | 1,442.54 | | 677,803.48 |
| 5/26 | FUNDS TRANSFER
WIRE FROM ENERGY MERCHANT L C May 26 | | 36,100.00 | 713,903.48 |
| 5/26 | CHECK NO: 6623 | 97.92 | | 713,805.56 |
| 5/26 | CHECK NO: 6630 | 164.22 | | 713,641.34 |
| 5/27 | DOM WIRE OUT | 55,000.00 | | 658,641.34 |
| 5/27 | DOM WIRE OUT | 180,000.00 | | 478,641.34 |
| 5/27 | CHECK NO: 6640 | 183.00 | | 478,458.34 |
| 5/27 | CHECK NO: 6642 | 1,308.34 | | 477,150.00 |
| 5/27 | CHECK NO: 6643 | 78.00 | | 476,072.00 |
| 5/27 | CHECK NO: 6636 | 476.86 | | 475,595.14 |
| 5/27 | CHECK NO: 6639 | 574.23 | | 475,020.91 |
| 5/27 | CHECK NO: 6616 | 6,000.00 | | 470,020.91 |
| 5/27 | ACH DEBIT
ADP TX/FINCL SVC ADP - TAX 94MJF 052822M01 May 27 | 49,509.66 | | 420,511.25 |
| 5/28 | CHECK NO: 6635 | 307.49 | | 420,203.76 |
| 5/28 | CHECK NO: 6650 | 20,000.00 | | 400,203.76 |
| 5/28 | CHECK NO: 6614 | 11.54 | | 400,192.22 |
| 5/28 | CHECK NO: 6648 | 15.12 | | 400,177.10 |
| 5/28 | CHECK NO: 6643 | 112.97 | | 400,064.13 |
| 5/28 | ACH DEBIT
ADP TX/FINCL SVC ADP - TAX 94MJF 052822M02 May 28 | 423.81 | | 399,640.32 |
| 5/28 | CHECK NO: 6631 | 24,693.33 | | 374,946.99 |
| 5/28 | ACH DEBIT
ADP TX/FINCL SVC ADP - TAX 94MJF 052822A01 May 28 | 28,585.44 | | 346,361.55 |
| | Total Debits/Credits | 837,550.25 | 73,676.32 | |

CHECKING ACTIVITY**Continued**

| Checks Paid | | | | | | | | | | | |
|-------------|------|----------|-------|------|-----------|-------|------|-----------|-------|------|-----------|
| Check | Date | Amount | Check | Date | Amount | Check | Date | Amount | Check | Date | Amount |
| 6544 | 5/06 | 6,800.00 | 6584* | 5/05 | 118.06 | 6602 | 5/17 | 5,000.00 | 6621 | 5/24 | 23.98 |
| 6566* | 5/06 | 9.30 | 6585 | 5/11 | 27.76 | 6603 | 5/17 | 1,900.94 | 6622 | 5/24 | 28.33 |
| 6567 | 5/03 | 183.00 | 6586 | 5/04 | 91.83 | 6604 | 5/18 | 238.04 | 6623 | 5/26 | 97.92 |
| 6568 | 5/10 | 1,150.85 | 6587 | 5/03 | 28.08 | 6605 | 5/25 | 82.34 | 6624 | 5/25 | 1,442.54 |
| 6569 | 5/05 | 5.99 | 6588 | 5/04 | 30.24 | 6606 | 5/18 | 2,129.51 | 6625 | 5/25 | 200.00 |
| 6570 | 5/04 | 95.14 | 6589 | 5/07 | 16.42 | 6607 | 5/13 | 130.35 | 6627* | 5/25 | 70.81 |
| 6571 | 5/12 | 261.67 | 6590 | 5/11 | 351.55 | 6608 | 5/20 | 18.60 | 6630* | 5/26 | 164.22 |
| 6572 | 5/04 | 62.49 | 6591 | 5/03 | 23.60 | 6609 | 5/20 | 28.69 | 6631 | 5/28 | 24,693.33 |
| 6573 | 5/03 | 123.83 | 6592 | 5/07 | 16.67 | 6610 | 5/17 | 29,631.10 | 6635* | 5/28 | 307.49 |
| 6574 | 5/04 | 243.74 | 6593 | 5/12 | 50,000.00 | 6611 | 5/24 | 51,542.50 | 6636 | 5/27 | 476.86 |
| 6575 | 5/10 | 477.65 | 6594 | 5/10 | 570.82 | 6612 | 5/19 | 110.00 | 6639* | 5/27 | 574.23 |
| 6576 | 5/03 | 112.97 | 6595 | 5/11 | 150.16 | 6613 | 5/25 | 940.00 | 6640 | 5/27 | 183.00 |
| 6577 | 5/03 | 123.46 | 6596 | 5/11 | 1,995.37 | 6614 | 5/28 | 11.54 | 6642* | 5/27 | 1,308.34 |
| 6578 | 5/05 | 328.47 | 6597 | 5/17 | 1,737.31 | 6616* | 5/27 | 6,000.00 | 6643 | 5/28 | 112.97 |
| 6579 | 5/04 | 30.35 | 6598 | 5/17 | 80.18 | 6617 | 5/25 | 158.21 | 6646* | 5/27 | 78.00 |
| 6580 | 5/03 | 451.83 | 6599 | 5/19 | 2,643.80 | 6618 | 5/21 | 223.80 | 6648* | 5/28 | 15.12 |
| 6581 | 5/03 | 1,308.34 | 6600 | 5/17 | 274.82 | 6619 | 5/21 | 337.62 | 6650* | 5/28 | 20,000.00 |
| 6582 | 5/07 | 52.13 | 6601 | 5/13 | 332.62 | 6620 | 5/24 | 151.20 | | | |

* Indicates gap in check number sequence Number Checks Paid: 71 Totalling: \$218,722.08

Funds Availability ServicesGood Customer Recognition

You may withdraw this amount of your check deposits on the next business day.

Please note, this is in addition to funds which would normally be available on that day.

\$1,000.00**SAVINGS ACTIVITY****CitiBusiness Savings**

45215777

Beginning Balance:**\$1.27****Ending Balance:****\$1.27****Your CitiBusiness Savings Account Rates**

| For Balances of: | \$0 to \$99,999 | \$100,000 to \$249,999 | \$250,000 to \$24,999,999 | \$25,000,000 and over |
|------------------|-----------------|------------------------|---------------------------|-----------------------|
| 5/01 - 5/31 | 0.600% | 1.000% | 1.090% | 1.090% |

Interest earned year to date \$0.01

CUSTOMER SERVICE INFORMATION

IF YOU HAVE QUESTIONS ON:

YOU CAN CALL:

YOU CAN WRITE:

Checking
Savings

877-528-0990
(For Speech and Hearing
Impaired Customers Only
TDD: 800-945-0258)

Citibank, N.A.
P.O. Box 5870, Grand Central Station
New York, NY 10163-5870

For change in address, call your account officer or visit your branch.

20338/R1/03F000/D

042
CITIBANK, N. A.
Account
45215777
Statement Period
Apr. 1 - Apr. 30, 2004
Relationship Manager
Pantina, Anthony V
(212) 830-4956

Page 1 of 4

CitiBusiness Summary:

| | |
|----------------------------------|----------------|
| Checking | \$1,110,235.48 |
| Savings | \$1.27 |
| investment
(not FDIC insured) | ---- |
| Checking Plus | ---- |

| | |
|-----------------------|----------------|
| Checking | Balance |
| CitiBusiness Checking | \$1,110,235.48 |
| Savings | Balance |
| CitiBusiness Savings | \$1.27 |

Total Checking and Savings **\$1,110,236.75**

IMPORTANT ACCOUNT INFORMATION. Please read this notice and keep it with your account records. Effective June 25, 2004 Citibank will change the order that incoming checks will be paid against your account. Effective that date, we will pay your checks in order of largest to smallest dollar amount. This notice amends your current Customer Manual.

SERVICE CHARGE SUMMARY FROM MARCH 1, 2004 THRU MARCH 31, 2004

| Type of Charge | No./Units | Price/Unit | Amount |
|---|-----------|------------|-----------------|
| CITIBUSINESS CHECKING # 0045215777 | | | |
| Average Daily Collected Balance | | | \$212,246.95 |
| DEPOSIT SERVICES | | | |
| MONTHLY MAINTENANCE FEE | 1 | 20.0000 | 20.00 |
| CHECKS PAID | 60 | .2000 | 12.00 |
| DEPOSIT TICKETS | 2 | .2000 | 0.40 |
| ITEMS DEPOSITED | 1 | .2000 | 0.20 |
| TOTAL DEPOSIT SERVICES | | | \$32.60 |
| TRANSFER SERVICES | | | |
| OUTGOING DOMESTIC FUNDSTRANSFER | 2 | 25.0000 | 50.00 |
| INCOMING FUNDS TRANSFER | 6 | 10.0000 | 60.00 |
| TOTAL TRANSFER SERVICES | | | \$110.00 |
| Total Charges for Services | | | \$142.60 |
| CITIBUSINESS SAVINGS # 0045215777 | | | |
| Average Daily Collected Balance | | | \$1.27 |
| Total Charges for Services | | | \$4.50 |
| Total Non-Interest Bearing Account Charges | | | \$142.60 |

SERVICE CHARGE SUMMARY FROM MARCH 1, 2004 THRU MARCH 31, 2004**Continued**

| | |
|---|-----------------------|
| Total Interest Bearing Account Charges | \$4.50 |
| Average collected balances | \$212,246.95 |
| Less 10% reserve requirement | \$21,224.69 |
| Balances eligible for Earnings Credit | \$191,022.26 |
| Earnings Credit allowance at 1.03000% | \$147.10 ¹ |
| Charges Subject to Earnings Credit | \$147.10 |
| Net Service Charge | \$0.00 |

1 - Maximum Earnings Credit cannot exceed monthly fees eligible for offset

CHECKING ACTIVITY**CitiBusiness Checking****0045215777**Beginning Balance: \$384,522.54
Ending Balance: \$1,110,235.48

| Date | Description | Debits | Credits | Balance |
|------|---|-----------|---------|------------|
| 4/01 | DOM WIRE OUT | 55,000.00 | | 329,522.54 |
| 4/01 | CHECK NO: 6535 | 236.64 | | 329,285.90 |
| 4/01 | ACH DEBIT
ADP TX/FINCL SVC ADP - TAX 94MJF 040214M01 Apr 01 | 73,621.06 | | 255,664.84 |
| 4/02 | CHECK NO: 6540 | 24.05 | | 255,640.79 |
| 4/02 | CHECK NO: 6538 | 28.33 | | 255,612.46 |
| 4/02 | CHECK NO: 6526 | 88.52 | | 255,523.94 |
| 4/02 | CHECK NO: 6529 | 183.00 | | 255,340.94 |
| 4/02 | CHECK NO: 6537 | 581.37 | | 254,759.57 |
| 4/02 | CHECK NO: 6528 | 1,308.34 | | 253,451.23 |
| 4/02 | ACH DEBIT
Con Edison INTELL CK 426403060020023 Apr 02 | 1,955.91 | | 251,495.32 |
| 4/02 | ACH DEBIT
ADP TX/FINCL SVC ADP - TAX 94MJF 040214A01 Apr 02 | 46,091.65 | | 205,403.67 |
| 4/05 | CHECK NO: 6520 | 5.13 | | 205,398.54 |
| 4/05 | CHECK NO: 6541 | 15.12 | | 205,383.42 |
| 4/05 | CHECK NO: 6523 | 27.76 | | 205,355.66 |
| 4/05 | CHECK NO: 6531 | 29.93 | | 205,325.73 |
| 4/05 | CHECK NO: 6527 | 62.48 | | 205,263.25 |
| 4/05 | CHECK NO: 6532 | 150.22 | | 205,113.03 |
| 4/05 | CHECK NO: 6533 | 24,279.60 | | 180,833.43 |
| 4/06 | CHECK NO: 6539 | 93.98 | | 180,739.45 |
| 4/06 | CHECK NO: 6530 | 357.87 | | 180,381.58 |
| 4/07 | INT'L WIRE OUT | 16,000.00 | | 164,381.58 |
| 4/07 | ACH DEBIT
BARNARD WAY ASSESSMENT 000092H001 Apr 07 | 585.00 | | 163,796.58 |
| 4/07 | CHECK NO: 6534 | 600.00 | | 163,196.58 |
| 4/07 | CHECK NO: 6543 | 33,000.00 | | 130,196.58 |
| 4/08 | ACH DEBIT
NPS PA CONTR 166-00096 Apr 08 | 135.80 | | 130,060.78 |
| 4/09 | ACH DEBIT
ADP PAYROLL FEES ADP - FEES 10MJF 1710858 Apr 09 | 180.91 | | 129,879.87 |
| 4/09 | ACH DEBIT
AMERICAN EXPRESS ELEC REMIT 040408050876574 Apr 09 | 18,727.99 | | 111,151.88 |
| 4/12 | CHECK NO: 6525 | 16.42 | | 111,135.46 |
| 4/12 | CHECK NO: 6547 | 1,900.94 | | 109,234.52 |
| 4/12 | CHECK NO: 6536 | 5,155.00 | | 104,079.52 |
| 4/13 | CHECK NO: 6555 | 4.73 | | 104,074.79 |
| 4/13 | CHECK NO: 6559 | 173.49 | | 103,901.30 |
| 4/13 | CHECK NO: 6548 | 267.80 | | 103,633.50 |
| 4/13 | CHECK NO: 6549 | 302.40 | | 103,331.10 |
| 4/13 | CHECK NO: 6546 | 343.77 | | 102,987.33 |
| 4/13 | CHECK NO: 6553 | 406.25 | | 102,581.08 |
| 4/13 | CHECK NO: 6556 | 472.77 | | 102,108.31 |
| 4/13 | CHECK NO: 6560 | 656.00 | | 101,452.31 |
| 4/13 | CHECK NO: 6550 | 7,560.30 | | 93,892.01 |

CHECKING ACTIVITY

Continued

| Date | Description | Debits | Credits | Balance |
|----------------------|--|------------|--------------|--------------|
| 4/14 | ELECTRONIC CREDIT
ADP TX/FINCL SVC ADP - TAX 94MJF 0599621VV Apr 14 | | 18.00 | 93,910.01 |
| 4/14 | FUNDS TRANSFER
WIRE FROM ENERGY MERCHANT L C Apr 14 | | 33,000.00 | 126,910.01 |
| 4/14 | CHECK NO: 6552 | 45.04 | | 126,864.97 |
| 4/14 | CHECK NO: 6545 | 935.00 | | 125,929.97 |
| 4/14 | CHECK NO: 6554 | 2,643.80 | | 123,286.17 |
| 4/14 | CHECK NO: 6561 | 15,000.00 | | 108,286.17 |
| 4/15 | FUNDS TRANSFER
WIRE FROM WWP950 9 Apr 15 | | 80,000.00 | 188,286.17 |
| 4/15 | CHECK NO: 6557 | 1,720.19 | | 186,565.98 |
| 4/15 | CHECK NO: 6551 | 6,000.00 | | 180,565.98 |
| 4/15 | ACH DEBIT
ADP TX/FINCL SVC ADP - TAX 94MJF 041616M01 Apr 15 | 49,745.30 | | 130,820.68 |
| 4/16 | ACH DEBIT
ADP PAYROLL FEES ADP - FEES 10MJF 1873460 Apr 16 | 35.60 | | 130,785.08 |
| 4/16 | ACH DEBIT
ADP TX/FINCL SVC ADP - TAX 94MJF 041616A01 Apr 16 | 28,912.51 | | 101,872.57 |
| 4/19 | CHECK NO: 6562 | 416.93 | | 101,455.64 |
| 4/19 | ACH DEBIT
NPS PA CONTR 166-00096 Apr 19 | 15,030.74 | | 86,424.90 |
| 4/20 | CHECK NO: 6564 | 22,539.49 | | 63,885.41 |
| 4/21 | FUNDS TRANSFER
WIRE FROM ENERGY MERCHANT L C Apr 21 | | 11,301.17 | 75,186.58 |
| 4/21 | CHECK NO: 6563 | 192.50 | | 74,994.08 |
| 4/22 | CHECK NO: 6558 | 95.88 | | 74,898.20 |
| 4/23 | FUNDS TRANSFER
WIRE FROM FIRST MERICAN T I L E INSURANCE CO Apr 23 | | 1,130,549.95 | 1,205,448.15 |
| 4/23 | CHECK NO: 6565 | 175.37 | | 1,205,272.78 |
| 4/23 | ACH DEBIT
ADP PAYROLL FEES ADP - FEES 10MJF 2132664 Apr 23 | 225.36 | | 1,205,047.42 |
| 4/28 | FUNDS TRANSFER
WIRE FROM ENERGY MERCHANT L C Apr 28 | | 39,600.00 | 1,244,647.42 |
| 4/29 | DOM WIRE OUT | 55,000.00 | | 1,189,647.42 |
| 4/29 | CHECK NO: 6583 | 471.00 | | 1,189,176.42 |
| 4/29 | ACH DEBIT
ADP TX/FINCL SVC ADP - TAX 94MJF 043018M01 Apr 29 | 50,019.86 | | 1,139,156.56 |
| 4/30 | ACH DEBIT
ADP PAYROLL FEES ADP - FEES 10MJF 2348009 Apr 30 | 10.00 | | 1,139,146.56 |
| 4/30 | ACH DEBIT
ADP TX/FINCL SVC ADP - TAX 94MJF 043018A01 Apr 30 | 28,911.08 | | 1,110,235.48 |
| Total Debits/Credits | | 568,756.18 | 1,294,469.12 | |

Checks Paid

| Check | Date | Amount | Check | Date | Amount | Check | Date | Amount | Check | Date | Amount |
|-------|------|-----------|-------|------|-----------|-------|------|----------|-------|------|-----------|
| 6520 | 4/05 | 5.13 | 6534 | 4/07 | 600.00 | 6547 | 4/12 | 1,900.94 | 6557 | 4/15 | 1,720.19 |
| 6523* | 4/05 | 27.76 | 6535 | 4/01 | 236.64 | 6548 | 4/13 | 267.80 | 6558 | 4/22 | 95.88 |
| 6525* | 4/12 | 16.42 | 6536 | 4/12 | 5,155.00 | 6549 | 4/13 | 302.40 | 6559 | 4/13 | 173.49 |
| 6526 | 4/02 | 88.52 | 6537 | 4/02 | 581.37 | 6550 | 4/13 | 7,560.30 | 6560 | 4/13 | 656.00 |
| 6527 | 4/05 | 62.48 | 6538 | 4/02 | 28.33 | 6551 | 4/15 | 6,000.00 | 6561 | 4/14 | 15,000.00 |
| 6528 | 4/02 | 1,308.34 | 6539 | 4/06 | 93.98 | 6552 | 4/14 | 45.04 | 6562 | 4/19 | 416.93 |
| 6529 | 4/02 | 183.00 | 6540 | 4/02 | 24.05 | 6553 | 4/13 | 406.25 | 6563 | 4/21 | 192.50 |
| 6530 | 4/06 | 357.87 | 6541 | 4/05 | 15.12 | 6554 | 4/14 | 2,643.80 | 6564 | 4/20 | 22,539.49 |
| 6531 | 4/05 | 29.93 | 6543* | 4/07 | 33,000.00 | 6555 | 4/13 | 4.73 | 6565 | 4/23 | 175.37 |
| 6532 | 4/05 | 150.22 | 6545* | 4/14 | 935.00 | 6556 | 4/13 | 472.77 | 6583* | 4/29 | 471.00 |
| 6533 | 4/05 | 24,279.60 | 6546 | 4/13 | 343.77 | | | | | | |

* Indicates gap in check number sequence Number Checks Paid: 42 Totaling: \$128,567.41

Funds Availability Services

Good Customer Recognition

You may withdraw this amount of your check deposits on the next business day.
Please note, this is in addition to funds which would normally be available on that day.

\$1,000.00

SAVINGS ACTIVITY**CitiBusiness Savings**

45215777

| | |
|--------------------|--------|
| Beginning Balance: | \$1.27 |
| Ending Balance: | \$1.27 |

Your CitiBusiness Savings Account Rates

| For Balances of: | \$0 to \$99,999 | \$100,000 to \$249,999 | \$250,000 to \$24,999,999 | \$25,000,000 and over |
|------------------|-----------------|------------------------|---------------------------|-----------------------|
| 4/01 - 4/30 | 0.600% | 1.000% | 1.090% | 1.190% |

Interest earned year to date \$0.01

CUSTOMER SERVICE INFORMATION

IF YOU HAVE QUESTIONS ON:

YOU CAN CALL:

YOU CAN WRITE:

Checking
Savings877-528-0990
(For Speech and Hearing
Impaired Customers Only
TDD: 800-945-0258)Citibank, N.A.
P.O. Box 5870, Grand Central Station
New York, NY 10163-5870

For change in address, call your account officer or visit your branch.

ENERGY MERCHANT CORP

COMBINED FINANCIAL STATEMENTS

December 31, 2003

Assembled for Internal Use Only

Prepared by: Paul Dunetz

Date Prepared: September 21, 2004

ENERGY MERCHANT CORP
BALANCE SHEETS
DECEMBER 31, 2003 AND DECEMBER 31, 2002
(\$ thousands)

| | <u>2003</u> | <u>2002</u> |
|---------------------------------------|-------------------------|-------------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash | 1,003 | \$ 5,010 |
| Accounts Receivable | 4,400 | 13,793 |
| Inventory | 4,656 | 43,772 |
| Trading Accounts | 1,086 | 3,571 |
| Other Receivables | 2,430 | 3,121 |
| Prepaid Expenses | 349 | 3,845 |
| Total Current Assets | <u>13,924</u> | <u>73,111</u> |
| Long Term Assets: | | |
| Fixed Assets - net | 346 | 511 |
| Capital Investments | 734 | 11,140 |
| Total Long Term Assets | <u>1,080</u> | <u>11,651</u> |
| TOTAL ASSETS | <u><u>\$ 15,004</u></u> | <u><u>\$ 84,762</u></u> |
| LIABILITIES AND EQUITY | | |
| Current Liabilities: | | |
| Accounts Payable | \$ 488 | \$ 413 |
| Notes Payable | 0 | 47,256 |
| Accrued Expenses | 5,629 | 10,272 |
| Total Current Liabilities | <u>6,116</u> | <u>57,940</u> |
| Non Current Liabilities: | | |
| Note Payable PECG | 10,089 | 10,375 |
| Total Deferred Liabilities | <u>10,089</u> | <u>10,375</u> |
| Total Liabilities | 16,205 | 68,315 |
| Stockholders' Equity | <u>(1,201)</u> | <u>16,447</u> |
| TOTAL LIABILITIES & EQUITY | <u><u>\$ 15,004</u></u> | <u><u>\$ 84,762</u></u> |

ENERGY MERCHANT CORP
INCOME STATEMENTS
DECEMBER 31, 2003 AND DECEMBER 31, 2002
(\$thousands)

| | <u>2003</u> | <u>2002</u> |
|-----------------------------|-------------------|--------------------|
| Revenues | | |
| Sales | \$ 319,005 | \$ 307,805 |
| Cost of Sales | 322,347 | 306,910 |
| Gross Profit on Sales | <u>(3,342)</u> | <u>895</u> |
| Trading Profits | 3,503 | (6,874) |
| Investment Income | 35 | (108) |
| Total Revenues | <u>196</u> | <u>(6,087)</u> |
| Operating Expenses | | |
| General and Administrative | 4,236 | 4,282 |
| Salaries & Wages | 3,691 | 4,357 |
| Total Operating Expenses | <u>7,928</u> | <u>8,639</u> |
| Operating Income | (7,732) | (14,725) |
| Other Expenses | | |
| Interest & Credit Expenses | 454 | 394 |
| Depreciation & Amortization | 186 | 192 |
| Total Other Expenses | <u>639</u> | <u>586</u> |
| Income Before Taxes | (8,371) | (15,311) |
| Provision for Income Taxes | <u>(263)</u> | <u>(2,000)</u> |
| NET INCOME | <u>\$ (8,108)</u> | <u>\$ (13,311)</u> |

ENERGY MERCHANT CORP
STATEMENTS OF STOCKHOLDER'S EQUITY
DECEMBER 31, 2003 AND DECEMBER 31, 2002
(\$thousands)

| | <u>Common
Stock</u> | <u>Additional
Paid-in
Capital</u> | <u>Retained
Earnings</u> | <u>Total
Stockholder's
Equity</u> |
|-------------------|-------------------------|---|------------------------------|---|
| January 1, 2001 | \$ 3,350 | \$ 757 | \$ 13,833 | \$ 17,940 |
| Treasury Stock | - | (407) | - | (407) |
| 2001 Net Income | <u>0</u> | <u>0</u> | <u>2,684</u> | <u>2,684</u> |
| January 1, 2002 | \$ 3,350 | \$ 350 | \$ 16,517 | \$ 20,217 |
| 2002 Net Income | <u>0</u> | <u>0</u> | <u>(13,311)</u> | <u>(13,311)</u> |
| December 31, 2002 | <u>\$ 3,350</u> | <u>\$ 350</u> | <u>\$ 3,206</u> | <u>\$ 6,906</u> |
| 2003 Net Income | <u>0</u> | <u>0</u> | <u>(8,108)</u> | <u>(8,108)</u> |
| December 31, 2003 | <u>\$ 3,350</u> | <u>\$ 350</u> | <u>\$ (4,902)</u> | <u>\$ (1,202)</u> |

ENERGY MERCHANT CORP
STATEMENTS OF CASH FLOWS
DECEMBER 31, 2003 AND DECEMBER 31, 2002
(\$ thousands)

| | <u>2003</u> | <u>2002</u> |
|--|------------------------|------------------------|
| CASH FLOWS FROM OPERATIONS | | |
| NET INCOME | \$ (8,108) | \$ (13,311) |
| Adjustments to Net Income | | |
| Depreciation & Amortization | 186 | 192 |
| Unrealized Gain on Subsidiary Capital | (3,271) | 3,780 |
| Changes in Operating Assets and Liabilities | | |
| Increase (Decrease) in | | |
| Accounts Receivable | 9,392 | (7,010) |
| Inventory | 39,116 | 553 |
| Marketable Securities | - | 12,664 |
| Trading Account | 2,484 | 3,135 |
| Other Receivables | 692 | 114 |
| Prepaid Expenses | 3,496 | (3,706) |
| Increase (Decrease) in | | |
| Accounts Payable | 75 | (176) |
| Accrued Expenses | (4,643) | 3,955 |
| Total Adjustments | <u>47,527</u> | <u>13,501</u> |
| Cash Flows From Operations | <u>\$ 39,418</u> | <u>\$ 191</u> |
| CASH FLOWS FROM INVESTMENT ACTIVITIES | | |
| Changes In Long Term Assets | | |
| Fixed Assets | (20) | 20 |
| Capital Investments | 4,137 | 6,721 |
| Cash Flows From Investment Activities | <u>4,117</u> | <u>6,741</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Changes In Long Term Liabilities | | |
| Notes Payable Banks | (47,256) | (4,832) |
| Note Payable PECG | (286) | 375 |
| Cash Flows From Financing Activities | <u>(47,541)</u> | <u>(4,457)</u> |
| Net Increase (Decrease) in Cash | (4,007) | 2,474 |
| Cash, Beginning of Period | <u>\$ 5,010</u> | <u>\$ 2,536</u> |
| Cash, End of Period | <u><u>\$ 1,003</u></u> | <u><u>\$ 5,010</u></u> |

ENERGY MERCHANT CORP

COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2002 AND 2001

Assembled for Internal Use Only

Prepared by: Charly Curcio, Controller

Date Prepared: February 15, 2003

ENERGY MERCHANT CORP
BALANCE SHEETS
DECEMBER 31, 2002 AND 2001
(\$ thousands)

| | <u>2002</u> | <u>2001</u> |
|---------------------------------------|-------------------------|-------------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash | 5,010 | \$ 2,536 |
| Accounts Receivable | 13,793 | 6,783 |
| Inventory | 43,772 | 44,325 |
| Marketable Securities | 0 | 12,664 |
| Trading Accounts | 3,571 | 6,706 |
| Other Receivables | 3,121 | 3,235 |
| Prepaid Expenses | 3,845 | 139 |
| Total Current Assets | <u>73,111</u> | <u>76,388</u> |
| Long Term Assets: | | |
| Fixed Assets - net | 511 | 723 |
| Capital Investments | 11,140 | 12,100 |
| Total Long Term Assets | <u>11,651</u> | <u>12,823</u> |
| TOTAL ASSETS | <u><u>\$ 84,762</u></u> | <u><u>\$ 89,211</u></u> |
|
LIABILITIES AND EQUITY | | |
| Current Liabilities: | | |
| Accounts Payable | \$ 413 | \$ 589 |
| Notes Payable | 47,256 | 52,088 |
| Accrued Expenses | 10,272 | 6,317 |
| Total Current Liabilities | <u>57,940</u> | <u>58,994</u> |
| Non Current Liabilities: | | |
| Note Payable PECG | 10,375 | 10,000 |
| Total Deferred Liabilities | <u>10,375</u> | <u>10,000</u> |
| Total Liabilities | 68,315 | 68,994 |
| Stockholders' Equity | <u>16,447</u> | <u>20,217</u> |
| TOTAL LIABILITIES & EQUITY | <u><u>\$ 84,762</u></u> | <u><u>\$ 89,211</u></u> |

ENERGY MERCHANT CORP
INCOME STATEMENTS
YEARS ENDED DECEMBER 31, 2002 AND 2001
(\$thousands)

| | <u>2002</u> | <u>2001</u> |
|----------------------------|-------------------|-----------------|
| Revenues | | |
| Sales | \$ 307,805 | \$ 175,899 |
| Cost of Sales | 306,919 | 173,042 |
| Gross Profit on Sales | <u>886</u> | <u>2,857</u> |
| Trading Profits | 2,676 | 852 |
| Investment Income | (108) | 7,777 |
| Total Revenues | <u>3,454</u> | <u>11,486</u> |
| Operating Expenses | | |
| General and Administrative | 4,282 | 5,099 |
| Salaries & Wages | 4,357 | 4,076 |
| Total Operating Expenses | <u>8,639</u> | <u>9,175</u> |
| Operating Income | (5,184) | 2,311 |
| Other Expenses | | |
| Interest & Credit Expenses | 394 | 998 |
| Depreciation | 192 | 178 |
| Total Other Expenses | <u>586</u> | <u>1,176</u> |
| Income Before Taxes | (5,770) | 1,135 |
| Provision for Income Taxes | <u>(2,000)</u> | <u>(1,549)</u> |
| NET INCOME | <u>\$ (3,770)</u> | <u>\$ 2,684</u> |

ENERGY MERCHANT CORP
STATEMENTS OF STOCKHOLDER'S EQUITY
YEARS ENDED DECEMBER 31, 2002 AND 2001
(\$thousands)

| | <u>Common
Stock</u> | <u>Additional
Paid-in
Capital</u> | <u>Retained
Earnings</u> | <u>Total
Stockholder's
Equity</u> |
|-------------------|-------------------------|---|------------------------------|---|
| January 1, 2001 | \$ 3,350 | \$ 757 | \$ 13,833 | \$ 17,940 |
| Treasury Stock | - | (407) | - | (407) |
| 2001 Net Income | <u>0</u> | <u>0</u> | <u>2,684</u> | <u>2,684</u> |
| December 31, 2001 | \$ 3,350 | \$ 350 | \$ 16,517 | \$ 20,217 |
| Treasury Stock | - | - | - | 0 |
| 2002 Net Income | <u>0</u> | <u>0</u> | <u>(3,770)</u> | <u>(3,770)</u> |
| December 31, 2002 | <u>\$ 3,350</u> | <u>\$ 350</u> | <u>\$ 12,747</u> | <u>\$ 16,447</u> |

ENERGY MERCHANT CORP
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2002 AND 2001
(\$ thousands)

| | <u>2002</u> | <u>2001</u> |
|--|------------------------|------------------------|
| CASH FLOWS FROM OPERATIONS | | |
| NET INCOME | \$ (3,770) | \$ 2,684 |
| Adjustments to Net Income | | |
| Depreciation | 192 | 178 |
| Unrealized Gain on Subsidiary Capital | (5,761) | (6,600) |
| Changes in Operating Assets and Liabilities | | |
| Increase (Decrease) in | | |
| Accounts Receivable | (7,010) | (2,512) |
| Inventory | 553 | 5,454 |
| Marketable Securities | 12,664 | 6,306 |
| Trading Account | 3,135 | 7,284 |
| Other Receivables | 114 | 1,962 |
| Prepaid Expenses | (3,706) | 97 |
| Increase (Decrease) in | | |
| Accounts Payable | (176) | (178) |
| Accrued Expenses | 3,955 | (9,666) |
| Total Adjustments | <u>3,960</u> | <u>2,325</u> |
| Cash Flows From Operations | <u>\$ 190</u> | <u>\$ 5,009</u> |
| CASH FLOWS FROM INVESTMENT ACTIVITIES | | |
| Changes In Long Term Assets | | |
| Purchase of Fixed Assets | 20 | (161) |
| Capital Investments | 6,721 | (222) |
| Cash Flows From Investment Activities | <u>6,741</u> | <u>(383)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Changes In Long Term Liabilities | | |
| Notes Payable | (4,832) | (3,748) |
| Capital Note Payable PECCG | 375 | 0 |
| Issuance of Capital Stock | 0 | 0 |
| Repurchase of Capital Stock | 0 | (407) |
| Cash Flows From Financing Activities | <u>(4,457)</u> | <u>(4,155)</u> |
| Net Increase (Decrease) in Cash | 2,474 | 471 |
| Cash, Beginning of Period | <u>\$ 2,536</u> | <u>\$ 2,065</u> |
| Cash, End of Period | <u><u>\$ 5,010</u></u> | <u><u>\$ 2,536</u></u> |

**ENERGY MERCHANT CORP
AND AFFILIATES**

COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2001 AND 2000

Prepared by: Charly Curcio, CPA Controller
Date Prepared: October 31, 2002

ENERGY MERCHANT CORP AND AFFILIATES
COMBINED BALANCE SHEETS
DECEMBER 31, 2001 AND 2000
(\$ thousands)

| | <u>2001</u> | <u>2000</u> |
|---------------------------------------|-------------------------|--------------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash | \$ 2,536 | \$ 2,065 |
| Accounts Receivable | 6,783 | 4,271 |
| Inventory | 44,325 | 49,779 |
| Marketable Securities | 12,664 | 18,970 |
| Trading Accounts | 6,706 | 13,990 |
| Other Receivables | 3,234 | 5,995 |
| Prepaid Expenses | 140 | 236 |
| Total Current Assets | <u>76,387</u> | <u>95,306</u> |
| Long Term Assets: | | |
| Fixed Assets - net | 733 | 750 |
| Capital Investments | 12,082 | 4,481 |
| Total Long Term Assets | <u>12,815</u> | <u>5,231</u> |
| TOTAL ASSETS | <u><u>\$ 89,202</u></u> | <u><u>\$ 100,537</u></u> |
|
LIABILITIES AND EQUITY | | |
| Current Liabilities: | | |
| Accounts Payable | \$ 589 | \$ 767 |
| Notes Payable | 52,088 | 55,836 |
| Accrued Expenses | 6,317 | 15,983 |
| Total Current Liabilities | <u>58,993</u> | <u>72,586</u> |
| Non Current Liabilities: | | |
| Note Payable PECG | 10,000 | 10,000 |
| Total Deferred Liabilities | <u>10,000</u> | <u>10,000</u> |
| Total Liabilities | 68,993 | 82,586 |
| Stockholders' Equity | <u>20,209</u> | <u>17,949</u> |
| TOTAL LIABILITIES & EQUITY | <u><u>\$ 89,202</u></u> | <u><u>\$ 100,535</u></u> |

ENERGY MERCHANT CORP AND AFFILIATES
COMBINED INCOME STATEMENTS
YEARS ENDED DECEMBER 31, 2001 AND 2000
(\$thousands)

| | <u>2001</u> | <u>2000</u> |
|----------------------------|------------------------|------------------------|
| Revenues | | |
| Gross Profit on Sales | \$ 2,857 | \$ (5,021) |
| Trading Profits | 1,049 | 35,269 |
| Investment Income | 7,562 | 1,734 |
| Total Revenues | <u>11,467</u> | <u>31,982</u> |
| Operating Expenses | | |
| General and Administrative | 5,099 | 4,112 |
| Salaries & Bonuses | 4,076 | 17,248 |
| Total Operating Expenses | <u>9,175</u> | <u>21,360</u> |
| Operating Income | 2,293 | 10,622 |
| Other Expenses | | |
| Interest & Credit Expenses | 998 | 1,020 |
| Depreciation | 178 | 46 |
| Total Other Expenses | <u>1,176</u> | <u>1,066</u> |
| Income Before Taxes | 1,117 | 9,556 |
| Provision for Income Taxes | <u>(1,550)</u> | <u>3,666</u> |
| NET INCOME | <u><u>\$ 2,667</u></u> | <u><u>\$ 5,890</u></u> |

ENERGY MERCHANT CORP AND AFFILIATES
COMBINED STATEMENT OF STOCKHOLDER'S EQUITY
YEARS ENDED DECEMBER 31, 2001 AND 2000
(\$thousands)

| | <u>Common
Stock</u> | <u>Additional
Paid-in
Capital</u> | <u>Retained
Earnings</u> | <u>Total
Stockholder's
Equity</u> |
|-------------------|-------------------------|---|------------------------------|---|
| January 1, 2000 | \$ 3,350 | \$ - | \$ 8,652 | \$ 12,002 |
| Treasury Stock | - | 757 | (700) | 57 |
| 2000 Net Income | <u>0</u> | <u>0</u> | <u>5,890</u> | <u>5,890</u> |
| December 31, 2000 | \$ 3,350 | \$ 757 | \$ 13,842 | \$ 17,949 |
| Treasury Stock | - | - | (407) | (407) |
| 2001 Net Income | <u>0</u> | <u>0</u> | <u>2,667</u> | <u>2,667</u> |
| August 31, 2001 | <u><u>\$ 3,350</u></u> | <u><u>\$ 757</u></u> | <u><u>\$ 16,102</u></u> | <u><u>\$ 20,209</u></u> |

ENERGY MERCHANT CORP AND AFFILIATES
COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2001 AND 2000
(\$ thousands)

| | <u>2001</u> | <u>2000</u> |
|--|------------------------|------------------------|
| CASH FLOWS FROM OPERATIONS | | |
| NET INCOME | \$ 2,667 | \$ 5,890 |
| Adjustments to Net Income | | |
| Depreciation | 178 | 46 |
| Changes in Operating Assets and Liabilities | | |
| Increase (Decrease) in | | |
| Accounts Receivable | (2,512) | (4,051) |
| Inventory | 5,454 | (49,779) |
| Marketable Securities | 6,306 | (7,259) |
| Trading Account | 7,284 | (11,705) |
| Other Receivables | 2,761 | (4,548) |
| Prepaid Expenses | 96 | 14 |
| Increase (Decrease) in | | |
| Accounts Payable | (178) | 679 |
| Accrued Expenses | (9,666) | 9,370 |
| Total Adjustments | <u>9,723</u> | <u>(67,233)</u> |
| Cash Flows From Operations | <u>\$ 12,390</u> | <u>\$ (61,343)</u> |
| CASH FLOWS FROM INVESTMENT ACTIVITIES | | |
| Changes In Long Term Assets | | |
| Purchase of Fixed Assets | (162) | (746) |
| Capital Investments | (7,601) | (596) |
| Cash Flows From Investment Activities | <u>(7,763)</u> | <u>(1,342)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Changes In Long Term Liabilities | | |
| Notes Payable | (3,748) | 55,836 |
| Capital Note Payable PECG | 0 | 8,300 |
| Issuance of Capital Stock | 0 | 757 |
| Repurchase of Capital Stock | (407) | (700) |
| Cash Flows From Financing Activities | <u>(4,155)</u> | <u>64,193</u> |
| Net Increase (Decrease) in Cash | 471 | 1,508 |
| Cash, Beginning of Period | <u>\$ 2,065</u> | <u>\$ 557</u> |
| Cash, End of Period | <u><u>\$ 2,536</u></u> | <u><u>\$ 2,065</u></u> |

**ENERGY MERCHANT CORP
AND AFFILIATES**

COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2000 AND 1999

Prepared by:
Date Prepared:

Charly Curcio, CPA Controller

ENERGY MERCHANT CORPORATION AND SUBSIDIARIES
COMBINED BALANCE SHEETS
DECEMBER 31, 2000 AND 1999 AND 1998
(\$ thousands)

| | <u>2000</u> | <u>1999</u> | <u>1998</u> |
|---------------------------------------|--------------------------|-------------------------|-------------------------|
| ASSETS | | | |
| Current Assets: | | | |
| Cash | \$ 3,292 | \$ 558 | \$ 268 |
| Accounts Receivable | 4,271 | 220 | 3,060 |
| Inventory | 49,779 | - | - |
| Marketable Securities | 18,090 | 10,221 | 7,332 |
| Trading Accounts | 13,990 | 2,930 | 3,261 |
| Other Receivables | 6,301 | 1,612 | 631 |
| Prepaid Expenses | 164 | 101 | 38 |
| Total Current Assets | <u>95,887</u> | <u>15,642</u> | <u>14,590</u> |
| Long Term Assets: | | | |
| Fixed Assets - net | 780 | 50 | 12 |
| Capital Investments | 4,808 | 5,209 | 90 |
| Total Long Term Assets | <u>5,588</u> | <u>5,259</u> | <u>102</u> |
| TOTAL ASSETS | <u><u>\$ 101,475</u></u> | <u><u>\$ 20,901</u></u> | <u><u>\$ 14,692</u></u> |
| LIABILITIES AND EQUITY | | | |
| Current Liabilities: | | | |
| Accounts Payable | \$ 767 | \$ 108 | \$ 122 |
| Notes Payable | 55,836 | 0 | 0 |
| Accrued Expenses | 11,637 | 2,899 | 1,220 |
| Other Payables | 4,263 | 4,359 | 4,663 |
| Total Current Liabilities | <u>72,503</u> | <u>7,366</u> | <u>6,005</u> |
| Non Current Liabilities: | | | |
| Deferred Taxes | 2,650 | 2,650 | 2,800 |
| Note Payable PEGG | 10,000 | 1,700 | 0 |
| Environmental Liabilities | 8,487 | 8,487 | 8,487 |
| Total Deferred Liabilities | <u>21,137</u> | <u>12,837</u> | <u>11,287</u> |
| Total Liabilities | 93,640 | 20,203 | 17,292 |
| Stockholders' Equity | <u>7,835</u> | <u>698</u> | <u>(2,600)</u> |
| TOTAL LIABILITIES & EQUITY | <u><u>\$ 101,475</u></u> | <u><u>\$ 20,901</u></u> | <u><u>\$ 14,692</u></u> |

ENERGY MERCHANT CORPORATION AND SUBSIDIARIES
COMBINED INCOME STATEMENTS
YEARS ENDED DECEMBER 31, 2000 AND 1999 AND 1998
(\$thousands)

| | <u>2000</u> | <u>1999</u> | <u>1998</u> |
|----------------------------|-----------------|-----------------|------------------|
| Revenues | | | |
| Gross Profit on Sales | \$ 803 | \$ 6,939 | \$ - |
| Trading Profits | 29,392 | 6,548 | (175) |
| Management Fees | 0 | 0 | 900 |
| Interest Income | 1,564 | 1,225 | 399 |
| Dividend Income | 1 | 4 | 1 |
| Rental Income | 0 | 0 | 24 |
| Other Income | 60 | 341 | 20,589 |
| Total Revenues | <u>31,820</u> | <u>15,057</u> | <u>21,738</u> |
| Operating Expenses | | | |
| General and Administrative | 4,598 | 4,590 | 3,277 |
| Salaries & Bonuses | 16,027 | 2,879 | 2,829 |
| Total Operating Expenses | <u>20,625</u> | <u>7,469</u> | <u>6,106</u> |
| Operating Income | 11,195 | 7,588 | 15,632 |
| Other Expenses | | | |
| Bad Debts | 0 | 0 | 720 |
| Interest & Credit Expenses | 524 | 269 | 401 |
| Depreciation | 44 | 14 | 807 |
| Eildon Settlement | 0 | 2,000 | 0 |
| Total Other Expenses | <u>568</u> | <u>2,283</u> | <u>1,928</u> |
| Income Before Taxes | 10,627 | 5,305 | 13,704 |
| Provision for Income Taxes | <u>3,572</u> | <u>2,007</u> | <u>3,003</u> |
| NET INCOME | <u>\$ 7,055</u> | <u>\$ 3,298</u> | <u>\$ 10,701</u> |

ENERGY MERCHANT CORPORATION AND SUBSIDIARIES
COMBINED STATEMENT OF STOCKHOLDER'S EQUITY
YEARS ENDED DECEMBER 31, 2000 and 1999 AND 1998
(\$thousands)

| | <u>Common
Stock</u> | <u>Additional
Paid-in
Capital</u> | <u>Retained Earnings
(Accumulated
Deficit)</u> | <u>Total
Stockholder's
Equity</u> |
|-------------------|-------------------------|---|--|---|
| January 1, 1998 | \$ 3,350 | \$ - | \$ (16,651) | \$ (13,301) |
| 1998 Net Income | <u>-</u> | <u>-</u> | <u>10,701</u> | <u>10,701</u> |
| December 31, 1998 | 3,350 | 0 | (5,950) | (2,600) |
| 1999 Net Income | <u>0</u> | <u>0</u> | <u>3,298</u> | <u>3,298</u> |
| December 31, 1999 | \$ 3,350 | \$ - | \$ (2,652) | \$ 698 |
| Treasury Stock | 757 | 25 | (700) | 82 |
| 2000 Net Income | <u>0</u> | <u>0</u> | <u>7,055</u> | <u>7,055</u> |
| December 31, 2000 | <u>\$ 4,107</u> | <u>\$ 25</u> | <u>\$ 3,703</u> | <u>\$ 7,835</u> |

ENERGY MERCHANT CORPORATION AND SUBSIDIARIES
COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2000 AND 1999 AND 1998
(\$ thousands)

| | <u>2000</u> | <u>1999</u> | <u>1998</u> |
|--|-----------------|----------------|-----------------|
| CASH FLOWS FROM OPERATIONS | | | |
| NET INCOME | \$ 7,055 | \$ 3,298 | \$ 10,701 |
| Adjustments to Net Income | | | |
| Depreciation | 44 | 14 | 807 |
| Gains on Sales of Fixed Assets | 3 | 0 | (20,589) |
| Changes in Operating Assets and Liabilities | | | |
| Increase (Decrease) in | | | |
| Accounts Receivable | (4,051) | 2,840 | (3,002) |
| Inventory | (49,779) | 0 | 333 |
| Marketable Securities | (7,869) | (2,889) | (7,514) |
| Trading Account | (11,060) | 331 | (3,262) |
| Other Receivables | (4,689) | (981) | (434) |
| Prepaid Expenses | (63) | (63) | (38) |
| Increase (Decrease) in | | | |
| Accounts Payable | 659 | (14) | 5,778 |
| Accrued Expenses | 8,738 | 1,679 | 1,629 |
| Other Payables | (96) | (304) | 2,127 |
| Total Adjustments | <u>(68,163)</u> | <u>613</u> | <u>(24,165)</u> |
| Cash Flows From Operations | <u>(61,108)</u> | <u>3,911</u> | <u>(13,464)</u> |
| CASH FLOWS FROM INVESTMENT ACTIVITIES | | | |
| Changes In Long Term Assets | | | |
| Purchase of Fixed Assets | (809) | (52) | (12) |
| Sales of Fixed Assets | 35 | 0 | 23,418 |
| Capital Investments | 398 | (5,119) | 0 |
| Cash Flows From Investment Activities | <u>(376)</u> | <u>(5,171)</u> | <u>23,406</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Changes In Long Term Liabilities | | | |
| Deferred Taxes | 0 | (150) | 2,800 |
| Notes Payable | 55,836 | 0 | 0 |
| Capital Note Payable PECG | 8,300 | 1,700 | 0 |
| Environmental Liabilities | 0 | 0 | (12,804) |
| Issuance of Capital Stock | 82 | 0 | 0 |
| Cash Flows From Financing Activities | <u>64,218</u> | <u>1,550</u> | <u>(10,004)</u> |
| Net Increase (Decrease) in Cash | 2,734 | 290 | (62) |
| Cash, Beginning of Period | <u>\$ 558</u> | <u>\$ 268</u> | <u>330</u> |
| Cash, End of Period | <u>\$ 3,292</u> | <u>\$ 558</u> | <u>\$ 268</u> |

COMBINED FINANCIAL STATEMENTS
ENERGY MERCHANT CORPORATION

December 31, 1999 AND 1998

Prepared by:
Date Prepared:

Charles F. Curcio, CPA Controller
September 15, 2000

ENERGY MERCHANT CORPORATION
COMBINED BALANCE SHEETS
DECEMBER 31, 1999 AND 1998
(\$ thousands)

| | <u>1999</u> | <u>1998</u> |
|--|-------------------------|-------------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash | \$ 558 | \$ 268 |
| Accounts Receivable | 220 | 3,060 |
| Inventory | - | - |
| Marketable Securities - net | 11,545 | 8,408 |
| Trading Accounts | 2,931 | 3,262 |
| Other Receivables | 712 | 376 |
| Prepaid Expenses | 100 | 38 |
| Total Current Assets | <u>16,066</u> | <u>15,412</u> |
| Long Term Assets: | | |
| Fixed Assets - net | 50 | 12 |
| Capital Investments | 16,578 | 12,000 |
| Total Long Term Assets | <u>16,628</u> | <u>12,012</u> |
| TOTAL ASSETS | <u><u>\$ 32,694</u></u> | <u><u>\$ 27,424</u></u> |
| LIABILITIES AND CAPITAL | | |
| Current Liabilities: | | |
| Accounts Payable | \$ 58 | \$ 864 |
| Accrued Expenses | 3,704 | 2,029 |
| Other Payables - POC | 3,453 | 3,933 |
| Total Current Liabilities | <u>7,215</u> | <u>6,826</u> |
| Non Current Liabilities: | | |
| Deferred Taxes | 2,650 | 2,800 |
| Note Payable PECG | 1,700 | 0 |
| Environmental Liabilities | 8,487 | 8,487 |
| Total Deferred Liabilities | <u>12,837</u> | <u>11,287</u> |
| Total Liabilities | 20,052 | 18,113 |
| Capital | <u>12,642</u> | <u>9,311</u> |
| TOTAL LIABILITIES & CAPITAL | <u><u>\$ 32,694</u></u> | <u><u>\$ 27,424</u></u> |

ENERGY MERCHANT CORPORATION
COMBINED INCOME STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 1999 AND 1998
(\$thousands)

| | <u>1999</u> | <u>1998</u> |
|----------------------------|------------------------|-------------------------|
| Revenues | | |
| Gross Profit on Sales | \$ 6,939 | \$ 20,589 |
| Trading Profits | 6,548 | (315) |
| Management Fees | 0 | 900 |
| Interest Income | 1,225 | 390 |
| Dividend Income | 4 | 0 |
| Rental Income | 0 | 24 |
| Other Income - POC | 438 | 0 |
| Total Revenues | <u>15,154</u> | <u>21,588</u> |
| Operating Expenses | | |
| General and Administrative | 2,351 | 3,161 |
| Salaries & Bonuses | 5,036 | 2,829 |
| Total Operating Expenses | <u>7,387</u> | <u>5,990</u> |
| Operating Income | 7,767 | 15,598 |
| Other Expenses | | |
| Bad Debts | 0 | 720 |
| Interest Expense | 269 | 401 |
| Depreciation | 14 | 807 |
| Eildon Settlement | 2,000 | 0 |
| Total Other Expenses | <u>2,283</u> | <u>1,928</u> |
| Income Before Taxes | 5,484 | 13,670 |
| Provision for Income Taxes | <u>2,153</u> | <u>3,003</u> |
| NET INCOME | <u><u>\$ 3,331</u></u> | <u><u>\$ 10,667</u></u> |

ENERGY MERCHANT CORPORATION
COMBINED STATEMENT OF STOCKHOLDER'S EQUITY
YEARS ENDED DECEMBER 31, 1999 AND 1998
(\$thousands)

| | <u>Common
Stock</u> | <u>Additional
Paid-in
Capital</u> | <u>Retained Earnings
(Accumulated
Deficit)</u> | <u>Total
Stockholder's
Equity</u> |
|-------------------|-------------------------|---|--|---|
| January 1, 1998 | \$ 4,350 | \$ 1,000 | \$ (16,706) | \$ (11,356) |
| 1998 Net Income | <u>10,000</u> | <u>0</u> | <u>10,667</u> | <u>20,667</u> |
| December 31, 1998 | 14,350 | 1,000 | (6,039) | 9,311 |
| 1999 Net Income | <u>0</u> | <u>0</u> | <u>3,331</u> | <u>3,331</u> |
| December 31, 1999 | <u>\$ 14,350</u> | <u>\$ 1,000</u> | <u>\$ (2,708)</u> | <u>\$ 12,642</u> |

(\$ thousands)

| | <u>1999</u> | <u>1998</u> |
|--|----------------|-----------------|
| CASH FLOWS FROM OPERATIONS | | |
| NET INCOME | \$ 3,331 | \$ 10,667 |
| Adjustments to Net Income | | |
| Depreciation | 14 | 807 |
| Gain on Sale of Fixed Assets | 0 | (20,589) |
| Changes in Operating Assets and Liabilities | | |
| Increase (Decrease) in | | |
| Accounts Receivable | 2,840 | (3,002) |
| Inventory | 0 | 333 |
| Marketable Securities | (3,137) | (7,514) |
| Trading Account | 331 | (3,262) |
| Other Receivables | (336) | (400) |
| Prepaid Expenses | (62) | (38) |
| Increase (Decrease) in | | |
| Accounts Payable | (806) | 5,778 |
| Accrued Expenses | 1,675 | 1,629 |
| Other Payables - POC | (480) | 2,127 |
| Total Adjustments | <u>39</u> | <u>(24,131)</u> |
| Cash Flows From Operations | <u>3,370</u> | <u>(13,464)</u> |
| CASH FLOWS FROM INVESTMENT ACTIVITIES | | |
| Changes In Long Term Assets | | |
| Purchase of Fixed Assets | (52) | (12) |
| Sale of Fixed Assets | 0 | 33,418 |
| Capital Investments | (4,578) | (10,000) |
| Cash Flows From Investment Activities | <u>(4,630)</u> | <u>23,406</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Changes In Long Term Liabilities | | |
| Deferred Taxes | (150) | 2,800 |
| Note Payable PECG | 1,700 | - |
| Environmental Liabilities | 0 | (12,804) |
| Cash Flows From Financing Activities | <u>1550</u> | <u>(10,004)</u> |
| Net Increase (Decrease) in Cash | 290 | (62) |
| Cash, Beginning of Period | <u>\$ 268</u> | <u>330</u> |
| Cash, End of Period | <u>\$ 558</u> | <u>\$ 268</u> |

Form **1120****U.S. Corporation Income Tax Return**

OMB No. 1545-0123

For calendar year 2003 or tax year beginning _____, ending _____

2003Department of the Treasury
Internal Revenue Service▶ **Instructions are separate. See page 20 for Paperwork Reduction Act Notice.**

| | | | |
|--|--|---|--|
| A Check if a:
1 Consolidated return (attach Form 851) <input checked="" type="checkbox"/>
2 Personal holding co. (attach Sch. PH) <input type="checkbox"/>
3 Personal service corp. (as defined in Regulations sec. 1.441-3(c)- see instructions) <input type="checkbox"/> | | Use IRS label. Otherwise, print or type.
Name Number, street, and room or suite no. City or town, state, and ZIP code
ENERGY MERCHANT CORP
AND SUBSIDIARIES
126 EAST 56TH ST., 33 FLOOR
NEW YORK NY 10022 | B Employer identification number
13-3855623
C Date incorporated
6/15/95
D Total assets (see page 8 of instructions)
2,818,481 |
|--|--|---|--|

| | | | |
|--|--|-----------------|---------------|
| E Check applicable boxes: (1) <input type="checkbox"/> Initial return (2) <input type="checkbox"/> Final return (3) <input type="checkbox"/> Name change (4) <input type="checkbox"/> Address change \$ | | | |
| Income | 1a Gross rcpt./sales | 231,294 | 1c 231,294 |
| | 2 Cost of goods sold (Schedule A, line 8) | | 2 |
| | 3 Gross profit. Subtract line 2 from line 1c | | 3 231,294 |
| | 4 Dividends (Schedule C, line 19) | | 4 |
| | 5 Interest | | 5 40,483 |
| | 6 Gross rents | | 6 |
| | 7 Gross royalties | | 7 |
| | 8 Capital gain net income (attach Sch. D (Form 1120)) | | 8 3,512,169 |
| | 9 Net gain or (loss) from Form 4797, Part II, line 18 (attach Form 4797) | | 9 |
| | 10 Other income (see page 9 of instructions-attach schedule) | SEE STMT 1,2 | 10 -8,186,069 |
| | 11 Total income. Add lines 3 through 10 | | 11 -4,402,123 |
| Deductions | 12 Compensation of officers (Schedule E, line 4) | | 12 999,820 |
| | 13 Salaries and wages (less employment credits) | | 13 734,156 |
| | 14 Repairs and maintenance | | 14 2,403 |
| | 15 Bad debts | | 15 |
| | 16 Rents | | 16 386,919 |
| | 17 Taxes and licenses | | 17 483,155 |
| | 18 Interest | | 18 49,994 |
| | 19 Charitable contributions (see page 11 of instructions for 10% limitation) | | 19 |
| | 20 Depreciation (attach Form 4562) | 20 41,620 | 21b 41,620 |
| | 21 Less depreciation claimed on Schedule A and elsewhere on return | 21a | |
| | 22 Depletion | | 22 |
| 23 Advertising | | 23 | |
| 24 Pension, profit-sharing, etc., plans | | 24 97,990 | |
| 25 Employee benefit programs | | 25 484,925 | |
| 26 Other deductions (attach schedule) | SEE STMT 3,4 | 26 943,270 | |
| 27 Total deductions. Add lines 12 through 26 | | 27 4,224,252 | |
| 28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11 | | 28 -8,626,375 | |
| 29 Less: a Net operating loss (NOL) deduction (see page 13 of instructions) | 29a | 29c | |
| b Special deductions (Schedule C, line 20) | 29b | | |
| 30 Taxable income. Subtract line 29c from line 28 | | 30 -8,626,375 | |
| 31 Total tax (Schedule J, line 11) | | 31 0 | |
| 32 Payments: | | | |
| a 2002 overpayment credited to 2003 | 32a | | |
| b 2003 estimated tax payments | 32b | | |
| c Less 2003 refund applied for on Form 4466 | 32c | | |
| d Bal | 32d | | |
| e Tax deposited with Form 7004 | 32e | | |
| f Credit for tax paid on undistributed capital gains (attach Form 2439) | 32f | | |
| g Credit for Federal tax on fuels (attach Form 4136). See instructions | 32g | 32h | |
| 33 Estimated tax penalty (see page 14 of instructions). Check if Form 2220 is attached | | 33 | |
| 34 Tax due. If line 32h is smaller than the total of lines 31 and 33, enter amount owed | | 34 | |
| 35 Overpayment. If line 32h is larger than the total of lines 31 and 33, enter amount overpaid | | 35 | |
| 36 Enter amt. of line 35 you want: Credited to 2004 estimated tax | | 36 | |
| | | Refunded | |

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

May the IRS discuss this return with the preparer shown below (see instr.)? ☒ Yes ☐ No

Signature of officer

Date

Title

Prepared by
Preparer's Use Only

Preparer's signature

Date

Check if self-employed ☐

Preparer's SSN or PTIN

Firm's name (or yours if self-employed), address, and ZIP code

JEFFERSON, URIAN, DOANE & STERNER, P.A.
PO BOX 477
OCEAN VIEW, DE 19970-0477

EIN 51-0212284

Phone no. 302-539-5543

Form **7004**
(Rev. September 2003)**Application for Automatic Extension of Time
To File Corporation Income Tax Return**

OMB No. 1545-0233

Department of the Treasury
Internal Revenue Service

Type of corporation

ENERGY MERCHANT CORPEmployer identification number
13-3855623

Number, street, and room or suite no. (If a P.O. box or outside the United States, see instructions.)

126 EAST 56TH ST. 33FLR

City or town, state, and ZIP code

NEW YORK**NY 10022**

Check type of return to be filed:

| | | | |
|---|--|---|---------------------------------------|
| <input type="checkbox"/> Form 990-C | <input type="checkbox"/> Form 1120-FSC | <input type="checkbox"/> Form 1120-PC | <input type="checkbox"/> Form 1120S |
| <input checked="" type="checkbox"/> Form 1120 | <input type="checkbox"/> Form 1120-H | <input type="checkbox"/> Form 1120-POL | <input type="checkbox"/> Form 1120-SF |
| <input type="checkbox"/> Form 1120-A | <input type="checkbox"/> Form 1120-L | <input type="checkbox"/> Form 1120-REIT | |
| <input type="checkbox"/> Form 1120-F | <input type="checkbox"/> Form 1120-ND | <input type="checkbox"/> Form 1120-RIC | |

• Form 1120-F filers: Check here if the foreign corporation does not maintain an office or place of business in the United States ☐

1 Request for Automatic Extension (see instructions)**a Extension date.** I request an automatic 6-month (or, for certain corporations, 3-month) extension of time
 until **9/15/04** to file the income tax return of the corporation named above for ☒ calendar
 year 20 **03** or ☐ tax year beginning _____, and ending _____
b Short tax year. If this tax year is for less than 12 months, check reason:
☐ Initial return ☐ Final return ☐ Change in accounting period ☐ Consolidated return to be filed
2 Members of an affiliated group of corporations filing a consolidated return (consolidated group) (see instructions).

Name and address of each member of the affiliated group

Employer identification number

ENERGY MERCHANT HOLDING INC
NEW YORK, NY 10022
13-4104912
EMC CAPITAL CORP
NEW YORK, NY 10022
51-0383350
ENERGY MERCHANT MANAGEMENT CO, LLC
NEW YORK, NY 10022
13-4146881
CORPORATE DEVELOPMENT, INC
NEW YORK, NY 10022
13-3817433
POWERINE OIL COMPANY
NEW YORK, NY 10022
95-4564080
ANGLO PETROLEUM CORPORATION
NEW YORK, NY 10022
95-4059009**3 Tentative tax (see instructions)****3****0****4 Payments and refundable credits: (see instructions)****a Overpayment credited from prior year****4a****b Estimated tax payments for the tax year****4b****c Less refund for the tax year applied
for on Form 4466****4c**

Bal ▶

e Credit for tax paid on undistributed capital gains (Form 2439)**4d****f Credit for Federal tax on fuels (Form 4136)****4e****4f****5 Total. Add lines 4d through 4f (see instructions)****5****0****6 Balance due. Subtract line 5 from line 3. Deposit this amount using the Electronic Federal****Tax Payment System (EFTPS) or with a Federal Tax Deposit (FTD) Coupon (see instructions)****6****0**
 Signature. Under penalties of perjury, I declare that I have been authorized by the above-named corporation to make this application, and to the best of my knowledge
 belief, the statements made are true, correct, and complete.

(Signature of officer or agent)

(Title)

3/10/04

(Date)

For Paperwork Reduction Act Notice, see instructions.

Form **7004** (Rev. 9-2003)

Form 1120 (2003) **ENERGY MERCHANT CORP**

13-3855623

Page 2

Schedule A Cost of Goods Sold (see page 14 of instructions)

| | | | |
|---|---|---|--|
| 1 | Inventory at beginning of year | 1 | |
| 2 | Purchases | 2 | |
| 3 | Cost of labor | 3 | |
| 4 | Additional section 263A costs (attach schedule) | 4 | |
| 5 | Other costs (attach schedule) | 5 | |
| 6 | Total. Add lines 1 through 5 | 6 | |
| 7 | Inventory at end of year | 7 | |
| 8 | Cost of goods sold. Subtract line 7 from line 6. Enter here and on line 2, page 1 | 8 | |

9a Check all methods used for valuing closing inventory:

(i) ☐ Cost as described in Regulations section 1.471-3

(ii) ☐ Lower of cost or market as described in Regulations section 1.471-4

(iii) ☐ Other (Specify method used and attach explanation.) ▶

b Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c) ▶ ☐

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶ ☐

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO 9d

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? ☐ Yes ☐ No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation ☐ Yes ☐ No

Schedule C Dividends and Special Deductions (see instructions beginning on page 15)

| | (a) Dividends received | (b) % | (c) Special deductions (a) x (b) |
|----|--|------------|----------------------------------|
| 1 | Dividends from less-than-20%-owned domestic corporations that are subject to the 70% deduction (other than debt-financed stock) | 70 | |
| 2 | Dividends from 20%-or-more-owned domestic corporations that are subject to the 80% deduction (other than debt-financed stock) | 80 | |
| 3 | Dividends on debt-financed stock of domestic and foreign corporations (section 246A) | see instr. | |
| 4 | Dividends on certain preferred stock of less-than-20%-owned public utilities | 42 | |
| 5 | Dividends on certain preferred stock of 20%-or-more-owned public utilities | 48 | |
| 6 | Dividends from less-than-20%-owned foreign corporations and certain FSCs that are subject to the 70% deduction | 70 | |
| 7 | Dividends from 20%-or-more-owned foreign corporations and certain FSCs that are subject to the 80% deduction | 80 | |
| 8 | Dividends from wholly owned foreign subsidiaries subject to the 100% deduction (section 245(b)) | 100 | |
| 9 | Total. Add lines 1 through 8. See page 16 of instructions for limitation | | |
| 10 | Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958 | 100 | |
| 11 | Dividends from certain FSCs that are subject to the 100% deduction (section 245(c)(1)) | 100 | |
| 12 | Dividends from affiliated group members subject to the 100% deduction (section 243(a)(3)) | 100 | |
| 13 | Other dividends from foreign corporations not included on lines 3, 6, 7, 8, or 11 | | |
| 14 | Income from controlled foreign corporations under subpart F (attach Form(s) 5471) | | |
| 15 | Foreign dividend gross-up (section 78) | | |
| 16 | IC-DISC and former DISC dividends not included on lines 1, 2, or 3 (section 246(d)) | | |
| 17 | Other dividends | | |
| 18 | Deduction for dividends paid on certain preferred stock of public utilities | | |
| 19 | Total dividends. Add lines 1 through 17. Enter here and on line 4, page 1 | | |
| 20 | Total special deductions. Add lines 9, 10, 11, 12, and 18. Enter here and on line 29b, page 1 | | |

Schedule E Compensation of Officers (see instructions for line 12, page 1, on page 10 of instructions)

Note: Complete Schedule E only if total receipts (line 1a plus lines 4 through 10 on page 1) are \$500,000 or more.

| (a) Name of officer | (b) Social security number | (c) Percent of time devoted to business | Percent of corporation stock owned | | (f) Amount of compensation |
|---------------------|---|---|------------------------------------|---------------|----------------------------|
| | | | (d) Common | (e) Preferred | |
| 1 See Schedule | | % | % | % | |
| | | % | % | % | |
| | | % | % | % | |
| | | % | % | % | |
| | | % | % | % | |
| 2 | Total compensation of officers | | | | |
| 3 | Compensation of officers claimed on Schedule A and elsewhere on return | | | | |
| 4 | Subtract line 3 from line 2. Enter the result here and on line 12, page 1 | | | | |

Schedule J Tax Computation (see page 17 of instructions)

| | | | |
|---|---|---|-----------------------------|
| 1 | Check if the corporation is a member of a controlled group (see sections 1561 and 1563) ▶ <input type="checkbox"/> | | |
| Important: Members of a controlled group, see instructions on page 17. | | | |
| 2a | If the box on line 1 is checked, enter the corporation's share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order): | | |
| | (1) \$ <input type="text"/> | (2) \$ <input type="text"/> | (3) \$ <input type="text"/> |
| b | Enter the corporation's share of: | (1) Additional 5% tax (not more than \$11,750) | \$ <input type="text"/> |
| | | (2) Additional 3% tax (not more than \$100,000) | \$ <input type="text"/> |
| 3 | Income tax. Check if a qualified personal service corp. under section 448(d)(2)(see page 17) ▶ <input type="checkbox"/> | 3 | 0 |
| 4 | Alternative minimum tax (attach Form 4626) | 4 | |
| 5 | Add lines 3 and 4 | 5 | 0 |
| 6a | Foreign tax credit (attach Form 1118) | 6a | |
| b | Possessions tax credit (attach Form 5735) | 6b | |
| c | Check: <input type="checkbox"/> Nonconventional source fuel credit <input type="checkbox"/> QEV credit (att. Form 8834) | 6c | |
| d | General business credit. Check box(es) and indicate which forms are attached.
<input type="checkbox"/> Form 3800 <input type="checkbox"/> Form(s) (specify) ▶ | 6d | |
| e | Credit for prior year minimum tax (attach Form 8827) | 6e | |
| f | Qualified zone academy bond credit (attach Form 8860) | 6f | |
| 7 | Total credits. Add lines 6a through 6f | 7 | |
| 8 | Subtract line 7 from line 5 | 8 | |
| 9 | Personal holding company tax (attach Schedule PH (Form 1120)) | 9 | |
| 10 | Other taxes. Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 <input type="checkbox"/> Form 8697
<input type="checkbox"/> Form 8866 <input type="checkbox"/> Other (attach schedule) | 10 | |
| 11 | Total tax. Add lines 8 through 10. Enter here and on line 31, page 1 | 11 | 0 |

Schedule K Other Information (see page 19 of instructions)

[illegible]

Note: If the corporation, at any time during the tax year, had assets or operated a business in a foreign country or U.S. possession, it may be required to attach **Schedule N (Form 1120)**, Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.

Form 1120 (2003) **ENERGY MERCHANT CORP**

13-3855023

Page 4

Note: The corporation is not required to complete Schedules L, M-1, and M-2 if Question 13 on Schedule K is answered "Yes."

| Schedule L Balance Sheets per Books | | Beginning of tax year | | End of tax year | |
|---|---|-----------------------|------------|-----------------|-------------|
| Assets | | (a) | (b) | (c) | (d) |
| 1 | Cash | | 1,089,362 | | 487,779 |
| 2a | Trade notes and accounts receivable | | | | |
| b | Less allowance for bad debts | | | | |
| 3 | Inventories | | | | |
| 4 | U.S. government obligations | | | | |
| 5 | Tax-exempt securities (see instructions) | | | | |
| 6 | Other current assets STMT 7 | | 7,552,206 | | 2,426,276 |
| 7 | Loans to shareholders | | | | |
| 8 | Mortgage and real estate loans | | | | |
| 9 | Other investments STMT 8 | | 13,100,689 | | -540,035 |
| 10a | Buildings and other depreciable assets | 590,257 | | 590,258 | |
| b | Less accumulated depreciation | 211,727 | 378,530 | 301,496 | 288,762 |
| 11a | Depletable assets | | | | |
| b | Less accumulated depletion | | | | |
| 12 | Land (net of any amortization) | | | | |
| 13a | Intangible assets (amortizable only) | | | | |
| b | Less accumulated amortization | | | | |
| 14 | Other assets (attach sch.) STMT 9 | | 155,699 | | 155,699 |
| 15 | Total assets | | 22,276,486 | | 2,818,481 |
| Liabilities and Shareholders' Equity | | | | | |
| 16 | Accounts payable | | 3,771,486 | | 3,689,260 |
| 17 | Mortgages, notes, bonds payable in less than 1 year | | | | |
| 18 | Other current liabilities STMT 10 | | 799,001 | | 87,242 |
| 19 | Loans from shareholders | | 250,000 | | 230,000 |
| 20 | Mortgages, notes, bonds payable in 1 year or more | | 8,487,170 | | 8,487,170 |
| 21 | Other liabilities (att. sch.) | | | | |
| 22 | Capital stock: a Preferred stock | | | | |
| | b Common stock | 3,350,000 | 3,350,000 | 3,350,000 | 3,350,000 |
| 23 | Additional paid-in capital | | 349,700 | | 349,700 |
| 24 | Retained earnings-Appropriated | | | | |
| 25 | Retained earnings-Unappropriated | | 5,969,129 | | -12,674,891 |
| 26 | Adjustments to SH equity | | | | |
| 27 | Less cost of treasury stock | | 700,000 | | 700,000 |
| 28 | Total liabilities and shareholders' equity | | 22,276,486 | | 2,818,481 |

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return (see page 20 of instructions)

| | | | | | |
|----------------|---|-------------|----|--|------------|
| 1 | Net income (loss) per books | -18,644,020 | 7 | Income recorded on books this year not included on this return (itemize): | |
| 2 | Federal income tax per books | 324,192 | | Tax-exempt int. \$ | |
| 3 | Excess of capital losses over capital gains | | | STMT 13 | |
| 4 | Income subject to tax not recorded on books this year (itemize): | | 8 | Deductions on this return not charged against book income this year (itemize): | |
| 5 | Expenses recorded on books this year not deducted on this return (itemize): | | a | Depreciation \$ | |
| a | Depreciation \$ | 48,149 | b | Charitable contributions \$ | |
| b | Charitable contributions \$ | | | | |
| c | Travel and entertainment \$ | 82,672 | | | |
| STMT 12 | 9,562,632 | 9,693,453 | 9 | Add lines 7 and 8 | |
| 6 | Add lines 1 through 5 | -8,626,375 | 10 | Income (line 28, page 1) - line 6 less line 9 | -8,626,375 |

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)

| | | | | | |
|---|------------------------------|-------------|---|---|-------------|
| 1 | Balance at beginning of year | 5,969,129 | 5 | Distributions: a Cash | |
| 2 | Net income (loss) per books | -18,644,020 | | b Stock | |
| 3 | Other increases (itemize): | | | c Property | |
| | | | 6 | Other decreases (itemize): | |
| | | | 7 | Add lines 5 and 6 | |
| 4 | Add lines 1, 2, and 3 | -12,674,891 | 8 | Balance at end of year (line 4 less line 7) | -12,674,891 |

Form **851**
(Rev. December 2003)
Department of the Treasury
Internal Revenue Service

Affiliations Schedule

► File with each consolidated income tax return.

OMB No. 1545-0025

Tax year ending **12/31/03**

Name of common parent corporation
ENERGY MERCHANT CORP

Employer identification number
13-3855623

Number, street, and room or suite no. (If a P.O. box, see instructions.)

126 EAST 56TH ST., 33 FLOOR

City or town, state, and ZIP code

NEW YORK NY 10022

Part I Overpayment Credits, Estimated Tax Payments, and Tax Deposits (See instructions.)

| Corp. No. | Name and address of corporation | Employer identification number | Portion of overpayment credits and estimated tax payments | Portion of tax deposited with Form 7004 |
|--|---|--------------------------------|---|---|
| 1 | Common parent corporation | | 0 | 0 |
| | Subsidiary corporations: | | | |
| 2 | POWERINE OIL COMPANY
126 E 56TH ST, 33 FLOOR
NEW YORK NY 10022 | 95-4564080 | | |
| 3 | ANGLO PETROLEUM CORPORATION
126 E 56TH ST, 33 FLOOR
NEW YORK NY 10022 | 95-4059009 | | |
| 4 | CORPORATE DEVELOPMENT INC
126 E 56TH ST, 33 FLOOR
NEW YORK NY 10022 | 13-3817433 | | |
| 5 | ENERGY MERCHANT HOLDING INC
126 EAST 56TH ST, 33RD FLOOR
NEW YORK NY 10022 | 13-4104912 | | |
| 6 | ENERGY MERCHANT MANAGEMENT CO., LLC
126 EAST 56TH ST, 33 FLOOR
NEW YORK NY 10022 | 13-4146881 | | |
| 7 | EMC CAPITAL CORP
126 EAST 56TH ST, 33RD FLOOR
NEW YORK NY 10022 | 51-0383350 | | |
| | | | | |
| Totals (Must equal amounts shown on the consolidated tax return.) | | | 0 | 0 |

Part II Principal Business Activity, Voting Stock Information, Etc. (See instructions.)

| Corp. No. | Principal business activity (PBA) | PBA Code No. | Did the subsidiary make any nondividend distributions? | | Stock holdings at beginning of year | | | |
|-----------|---|---------------|--|----------|-------------------------------------|-------------------------|------------------|--------------------------|
| | | | Yes | No | Number of shares | Percent of voting power | Percent of value | Owned by corporation no. |
| 1 | Common parent corporation:
MANAGEMENT | 541990 | | | | | | |
| 2 | Subsidiary corporations:
REFINERY | 324110 | | X | 100 | 100.00% | 100.00% | 1 |
| 3 | PETROLEUM DEALER | 424700 | | X | 100 | 100.00% | 100.00% | 1 |
| 4 | HOLDING COMPANY | 551112 | | X | 100 | 100.00% | 100.00% | 1 |
| 5 | HOLDING COMPANY | 525990 | | X | 500 | 100.00% | 100.00% | 1 |
| 6 | MANAGEMENT | 541990 | | X | 100 | 100.00% | 100.00% | 7 |
| 7 | SECURITY TRADER | 523130 | | X | 1,000 | 100.00% | 100.00% | 5 |
| | | | | | | % | % | |

Part III Changes in Stock Holdings During the Tax Year

| Corp.
No. | Name of corporation | Share-
holder
of
Corpo-
ration
No. | Date
of
transaction | (a) Changes | | (b) Shares held after
changes described in
column (a) | |
|--------------|---------------------|---|---------------------------|---------------------------------|------------------------------------|---|---------------------|
| | | | | Number of
shares
acquired | Number of
shares
disposed of | Percent of
voting power | Percent of
value |
| | | | | | | % | % |
| | | | | | | % | % |
| | | | | | | % | % |
| | | | | | | % | % |
| | | | | | | % | % |
| | | | | | | % | % |
| | | | | | | % | % |
| | | | | | | % | % |
| | | | | | | % | % |

c) If any transaction listed above caused a deconsolidation of a group member, did the basis of any shares retained by the group exceed the value of those shares immediately before the deconsolidation? See the instructions.

☐ Yes ☐ No

d) Is the group claiming a loss recognized on the disposition of the stock of a group member? If "Yes," see the instructions for details, including the statements that must be attached.

☐ Yes ☐ No

e) If the equitable owners of any capital stock shown above were other than the holders of record, provide details of the changes.

f) If additional stock was issued, or if any stock was retired during the year, list the dates and amounts of these transactions.

Part IV Additional Stock Information (See instructions.)

- 1** During the tax year, did the corporation have more than one class of stock outstanding? ☐ Yes ☒ No
 If "Yes," enter the name of the corporation and list and describe each class of stock.

| Corp.
No. | Name of corporation | Class of Stock |
|--------------|---------------------|----------------|
| | | |
| | | |
| | | |
| | | |

- 2** During the tax year, was there any member of the consolidated group that reaffiliated within 60 months of disaffiliation? ☐ Yes ☒ No
 If "Yes," enter the name of the corporation(s) and explain the circumstances.

| Corp.
No. | Name of corporation | Explanation |
|--------------|---------------------|-------------|
| | | |
| | | |
| | | |
| | | |

- 3** During the tax year, was there any arrangement in existence by which one or more persons that were not members of the affiliated group could acquire any stock, or acquire any voting power without acquiring stock, in the corporation, other than a de minimis amount, from the corporation or another member of the affiliated group? ☐ Yes ☒ No
 If "Yes," enter the name of the corporation and see the instructions for what to enter in Items 3a, 3b, 3c, and 3d.

| Corp.
No. | Name of corporation | Item 3a | Item 3b | Item 3c |
|--------------|---------------------|---------|---------|---------|
| | | | | |
| | | % | % | % |
| | | % | % | % |
| | | % | % | % |
| | | % | % | % |

| Corp.
No. | Item 3d-Provide a description of any arrangement. |
|--------------|---|
| | |
| | |
| | |
| | |

SCHEDULE D

(Form 1120)

Department of the Treasury
Internal Revenue Service**Capital Gains and Losses**▶ Attach to Form 1120, 1120-A, 1120-F, 1120-FSC, 1120-H,
1120-IC-DISC, 1120-L, 1120-ND, 1120-PC, 1120-POL, 1120-REIT,
1120-RIC, 1120-SF, 990-C, or certain Forms 990-T.

OMB No. 1545-0123

2003

Name

Employer identification number

ENERGY MERCHANT CORP**13-3855623****Part I Short-Term Capital Gains and Losses-Assets Held One Year or Less**

| (a) Description of property
(Example: 100 shares of Z Co.) | (b) Date acquired
(mo., day, yr.) | (c) Date sold
(mo., day, yr.) | (d) Sales price
(see instructions) | (e) Cost or other
basis (see
instructions) | (f) Gain or (loss)
(Subtract (e) from (d)) |
|---|--------------------------------------|----------------------------------|---------------------------------------|--|---|
| 1 FORM 6781, PART I | | | | | 800,184 |
| | | | | | |
| | | | | | |
| | | | | | |

| | | |
|--|---|---------|
| 2 Short-term capital gain from installment sales from Form 6252, line 26 or 37 | 2 | |
| 3 Short-term gain or (loss) from like-kind exchanges from Form 8824 | 3 | |
| 4 Unused capital loss carryover (attach computation) | 4 | |
| 5 Net short-term capital gain or (loss). Combine lines 1 through 4 | 5 | 800,184 |

Part II Long-Term Capital Gains and Losses-Assets Held More Than One Year

| | | | | | |
|-------------------------------|----------|---------|--|---------|-----------|
| 6 DESIGN ARCHITECTS.COM | | | | | |
| VARIOUS | 12/31/03 | | | 250,000 | -250,000 |
| EMIF LLC | 1/01/01 | 4/30/03 | | 9,024 | -9,024 |
| PASS THROUGH ENTITY (SCH K-1) | | | | | 1,770,733 |
| FORM 6781, PART I | | | | | 1,200,276 |

| | | |
|---|----|-----------|
| 7 Enter gain from Form 4797, column (g), line 7 or 9 | 7 | |
| 8 Long-term capital gain from installment sales from Form 6252, line 26 or 37 | 8 | |
| 9 Long-term gain or (loss) from like-kind exchanges from Form 8824 | 9 | |
| 10 Capital gain distributions (see instructions) | 10 | 0 |
| 11 Net long-term capital gain or (loss). Combine lines 6 through 10 | 11 | 2,711,985 |

Part III Summary of Parts I and II

| | | |
|---|----|-----------|
| 12 Enter excess of net short-term capital gain (line 5) over net long-term capital loss (line 11) | 12 | 800,184 |
| 13 Net capital gain. Enter excess of net long-term capital gain (line 11) over net short-term capital loss (line 5) | 13 | 2,711,985 |
| 14 Add lines 12 and 13. Enter here and on Form 1120, page 1, line 8, or the proper line on other returns | 14 | 3,512,169 |

Note: If losses exceed gains, see Capital losses in the instructions on page 2.

Form **4562****Depreciation and Amortization**

OMB No. 1545-0172

(Including Information on Listed Property)

2003Department of the Treasury
Internal Revenue Service

▶ See separate instructions.

▶ Attach to your tax return.

Attachment
Sequence No. **67**

Name(s) shown on return

ENERGY MERCHANT CORP

Identifying number

13-3855623

Business or activity to which this form relates

REGULAR DEPRECIATION**Part I Election To Expense Certain Property Under Section 179****Note:** If you have any listed property, complete Part V before you complete Part I.

| | | | |
|----------|---|----------|----------------|
| 1 | Maximum amount. See page 2 of the instructions for a higher limit for certain businesses | 1 | 100,000 |
| 2 | Total cost of section 179 property placed in service (see page 2 of the instructions) | 2 | |
| 3 | Threshold cost of section 179 property before reduction in limitation | 3 | 400,000 |
| 4 | Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0- | 4 | |
| 5 | Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see page 2 of the instructions | 5 | |

| (a) Description of property | | (b) Cost (business use only) | (c) Elected cost |
|-----------------------------|--|------------------------------|------------------|
| 6 | | | |
| 7 | Listed property. Enter the amount from line 29 | 7 | |
| 8 | Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7 | 8 | |
| 9 | Tentative deduction. Enter the smaller of line 5 or line 8 | 9 | |
| 10 | Carryover of disallowed deduction from line 13 of your 2002 Form 4562 | 10 | |
| 11 | Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions) | 11 | |
| 12 | Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11 | 12 | |
| 13 | Carryover of disallowed deduction to 2004. Add lines 9 and 10, less line 12 | 13 | |

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.**Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)**

| | | | |
|-----------|--|-----------|--|
| 14 | Special depreciation allowance for qualified prop. (other than listed prop.) placed in service during the tax year (see pg. 3 of the instr.) | 14 | |
| 15 | Property subject to section 168(f)(1) election (see page 4 of the instructions) | 15 | |
| 16 | Other depreciation (including ACRS) (see page 4 of the instructions) | 16 | |

Part III MACRS Depreciation (Do not include listed property.) (See page 4 of the instructions.)**Section A**

| | | | |
|-----------|--|-----------|---------------|
| 17 | MACRS deductions for assets placed in service in tax years beginning before 2003 | 17 | 41,620 |
| 18 | If you are electing under section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/> | | |

Section B-Assets Placed in Service During 2003 Tax Year Using the General Depreciation System

| (a) Classification of property | (b) Month and year placed in service | (c) Basis for depreciation (business/investment use only-see instructions) | (d) Recovery period | (e) Convention | (f) Method | (g) Depreciation deduction |
|---------------------------------------|--------------------------------------|--|---------------------|----------------|------------|----------------------------|
| 19a 3-year property | | | | | | |
| b 5-year property | | | | | | |
| c 7-year property | | | | | | |
| d 10-year property | | | | | | |
| e 15-year property | | | | | | |
| f 20-year property | | | | | | |
| g 25-year property | | | 25 yrs. | | S/L | |
| h Residential rental property | | | 27.5 yrs. | MM | S/L | |
| i Nonresidential real property | | | 27.5 yrs. | MM | S/L | |
| | | | 39 yrs. | MM | S/L | |
| | | | | MM | S/L | |

Section C-Assets Placed in Service During 2003 Tax Year Using the Alternative Depreciation System

| | | | | | | |
|-----------------------|--|--|---------|----|-----|--|
| 20a Class life | | | | | S/L | |
| b 12-year | | | 12 yrs. | | S/L | |
| c 40-year | | | 40 yrs. | MM | S/L | |

Part IV Summary (see page 6 of the instructions)

| | | | |
|-----------|--|-----------|---------------|
| 21 | Listed property. Enter amount from line 28 | 21 | |
| 22 | Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations-see instr. | 22 | 41,620 |
| 23 | For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs | 23 | |

For Paperwork Reduction Act Notice, see separate instructions.

Form **4562** (2003)

Form **6781****Gains and Losses From Section 1256
Contracts and Straddles**

OMB No. 1545-0644

2003Attachment
Sequence No. **82**Department of the Treasury
Internal Revenue Service

▶ Attach to your tax return.

Name(s) shown on tax return

ENERGY MERCHANT CORP

Identifying number

13-3855623

Check all applicable boxes (see instructions).

A

Mixed straddle election

C

Mixed straddle account election

B

Straddle-by-straddle identification election

D

Net section 1256 contracts loss election

Part I Section 1256 Contracts Marked to Market

| (a) Identification of account | | (b) Gain or (loss)
for entire year | (c) Post-May 5
gain or (loss) |
|---|--|---------------------------------------|----------------------------------|
| 1 FC SAUL STONE | | -25,269 | |
| 2 Net gain or (loss). Add the amounts on line 1 in columns (b) and (c) | | -25,269 | |
| 3 Form 1099-B adjustments. See instructions and attach schedule | | | |
| 4 Combine lines 2 and 3, column (b) | | -25,269 | |
| 5 Combine lines 2 and 3, column (c) | | | |
| Note: If line 4 shows a net gain, skip line 6 and enter the line 4 and 5 amounts on line 7. Partnerships and S corporations, see instructions. | | | |
| 6 If you have a net section 1256 contracts loss and you checked box D above, enter the amount of that loss to be carried back, as a positive number. Do not enter in column (c) more than any loss on line 5 | | | |
| 7 Combine lines 4 and 6, column (b), and combine lines 5 and 6, column (c) | | -25,269 | |
| 8 Short-term capital gain or (loss). Multiply line 7, columns (b) and (c), by 40% (.40). Enter here and include on the appropriate line of Schedule D (see instructions) | | -10,108 | |
| 9 Long-term capital gain or (loss). Multiply line 7, columns (b) and (c), by 60% (.60). Enter here and include on the appropriate line of Schedule D (see instructions) | | -15,161 | |

Part II Gains and Losses From Straddles. Attach a separate schedule listing each straddle and its components.**Section A-Losses From Straddles**

| (a) Description of property | (b) Date entered into or acquired | (c) Date closed out or sold | (d) Gross sales price | (e) Cost or other basis plus expense of sale | (f) Loss. If column (e) is more than (d), enter difference. Otherwise, enter -0- | (g) Unrecognized gain on offsetting positions | (h) Recognized loss for entire year. If column (f) is more than (g), enter difference. Otherwise, enter -0- | *(i) 28% rate loss (see instr. below) | (j) Post-May 5 loss (see instructions) |
|---|-----------------------------------|-----------------------------|-----------------------|--|--|---|---|---------------------------------------|--|
| 10 | | | | | | | | | |
| 11a Enter the short-term portion of losses from line 10, columns (h) and (j), here and include on the appropriate line of Schedule D (see instructions) | | | | | | 11a | | | |
| b Enter the long-term portion of losses from line 10, columns (h), (i), and (j), here and include on the appropriate line of Schedule D (see instructions) | | | | | | 11b | | | |

Section B-Gains From Straddles

| (a) Description of property | (b) Date entered into or acquired | (c) Date closed out or sold | (d) Gross sales price | (e) Cost or other basis plus expense of sale | (f) Gain for entire year. If col. (d) is more than (e), enter difference. Otherwise, enter -0- | *(g) 28% rate gain (see instr. below) | (h) Post-May 5 gain (see instructions) |
|---|-----------------------------------|-----------------------------|-----------------------|--|--|---------------------------------------|--|
| 12 | | | | | | | |
| 13a Enter the short-term portion of gains from line 12, columns (f) and (h), here and include on the appropriate line of Schedule D (see instructions) | | | | | 13a | | |
| b Enter the long-term portion of gains from line 12, col. (f), (g), and (h), here and include on the appropriate line of Schedule D (see instructions) | | | | | 13b | | |

Part III Unrecognized Gains From Positions Held on Last Day of Tax Year. Memo Entry Only (see instructions)

| (a) Description of property | (b) Date acquired | (c) Fair market value on last business day of tax year | (d) Cost or other basis as adjusted | (e) Unrecognized gain. If column (c) is more than (d), enter difference. Otherwise, enter -0- |
|-----------------------------|-------------------|--|-------------------------------------|---|
| 4 | | | | |

28% rate gain or loss includes all "collectibles gains and losses" and up to 50% of the eligible gain on qualified small business stock. See Instructions for Schedule D (Form 1040).

For Paperwork Reduction Act Notice, see page 4.

Form **6781** (2003)

Form **6781****Gains and Losses From Section 1256
Contracts and Straddles**

OMB No. 1545-0644

2003Attachment
Sequence No. **82**Department of the Treasury
Internal Revenue Service

▶ Attach to your tax return.

Name(s) shown on tax return

ENERGY MERCHANT CORP

Identifying number

13-3855623

Check all applicable boxes (see instructions).

A

Mixed straddle election

C

Mixed straddle account election

B

Straddle-by-straddle identification election

D

Net section 1256 contracts loss election

Part I Section 1256 Contracts Marked to Market

| (a) Identification of account | | (b) Gain or (loss)
for entire year | (c) Post-May 5
gain or (loss) |
|---|--|---------------------------------------|----------------------------------|
| 1 ENERGY MERCHANT INVESTORS FUND, LLC | | 2,286,608 | |
| FIMAT & STONE | | -260,879 | |
| 2 Net gain or (loss). Add the amounts on line 1 in columns (b) and (c) | | 2,025,729 | |
| 3 Form 1099-B adjustments. See instructions and attach schedule | | | |
| 4 Combine lines 2 and 3, column (b) | | 2,025,729 | |
| 5 Combine lines 2 and 3, column (c) | | | |
| Note: If line 4 shows a net gain, skip line 6 and enter the line 4 and 5 amounts on line 7. Partnerships and S corporations, see instructions. | | | |
| 6 If you have a net section 1256 contracts loss and you checked box D above, enter the amount of that loss to be carried back, as a positive number. Do not enter in column (c) more than any loss on line 5 | | | |
| 7 Combine lines 4 and 6, column (b), and combine lines 5 and 6, column (c) | | 2,025,729 | |
| 8 Short-term capital gain or (loss). Multiply line 7, columns (b) and (c), by 40% (.40). Enter here and include on the appropriate line of Schedule D (see instructions) | | 810,292 | |
| 9 Long-term capital gain or (loss). Multiply line 7, columns (b) and (c), by 60% (.60). Enter here and include on the appropriate line of Schedule D (see instructions) | | 1,215,437 | |

Part II Gains and Losses From Straddles. Attach a separate schedule listing each straddle and its components.**Section A-Losses From Straddles**

| (a) Description of property | (b) Date entered into or acquired | (c) Date closed out or sold | (d) Gross sales price | (e) Cost or other basis plus expense of sale | (f) Loss. If column (e) is more than (d), enter difference. Otherwise, enter -0- | (g) Unrecognized gain on offsetting positions | (h) Recognized loss for entire year. If column (f) is more than (g), enter difference. Otherwise, enter -0- | (i) 28% rate loss (see instr. below) | (j) Post-May 5 loss (see instructions) |
|---|-----------------------------------|-----------------------------|-----------------------|--|--|---|---|--------------------------------------|--|
| 10 | | | | | | | | | |
| 11a Enter the short-term portion of losses from line 10, columns (h) and (j), here and include on the appropriate line of Schedule D (see instructions) | | | | | | 11a | | | |
| b Enter the long-term portion of losses from line 10, columns (h), (i), and (j), here and include on the appropriate line of Schedule D (see instructions) | | | | | | 11b | | | |

Section B-Gains From Straddles

| (a) Description of property | (b) Date entered into or acquired | (c) Date closed out or sold | (d) Gross sales price | (e) Cost or other basis plus expense of sale | (f) Gain for entire year. If col. (d) is more than (e), enter difference. Otherwise, enter -0- | (g) 28% rate gain (see instr. below) | (h) Post-May 5 gain (see instructions) |
|---|-----------------------------------|-----------------------------|-----------------------|--|--|--------------------------------------|--|
| 12 | | | | | | | |
| 13a Enter the short-term portion of gains from line 12, columns (f) and (h), here and include on the appropriate line of Schedule D (see instructions) | | | | | 13a | | |
| b Enter the long-term portion of gains from line 12, col. (f), (g), and (h), here and include on the appropriate line of Schedule D (see instructions) | | | | | 13b | | |

Part III Unrecognized Gains From Positions Held on Last Day of Tax Year. Memo Entry Only (see instructions)

| (a) Description of property | (b) Date acquired | (c) Fair market value on last business day of tax year | (d) Cost or other basis as adjusted | (e) Unrecognized gain. If column (c) is more than (d), enter difference. Otherwise, enter -0- |
|-----------------------------|-------------------|--|-------------------------------------|---|
| 14 | | | | |

*28% rate gain or loss includes all "collectibles gains and losses" and up to 50% of the eligible gain on qualified small business stock. See Instructions for Schedule D (Form 1040).

For Paperwork Reduction Act Notice, see page 4.

Form **6781** (2003)

12088001 ENERGY MERCHA

CORP

10/27/2004 10:25 AM

13-3855623

Federal Statements

FYE: 12/31/2003

General Footnote**Description****SCHEDULE E COMPENSATION OF OFFICERS:**

| NAME | SSN | TIME | COMMON | COMPENSATION |
|-------------|-------------|--------|--------|--------------|
| S K HODAPP | 106-52-9250 | 100.00 | 68.50 | 386,000 |
| V PAPA | 070-38-3201 | 100.00 | 1.00 | 238,500 |
| R A WENOM | 500-46-1850 | 100.00 | 0.00 | 285,800 |
| M S CORNISH | 101-58-5760 | 100.00 | 0.00 | 89,520 |
| | | | | 999,820 |

Consolidated NOL Carryover Worksheet - Regular Tax

Form **1120****2003**

For calendar year 2003 or tax year beginning , ending

Name

Employer Identification Number

ENERGY MERCHANT CORP**13-3855623**

| Preceding
Taxable Year | NOL Before SRLY Limit/
NOL After SRLY Limit | Consolidated
Adjustments | Consolidated
NOL Available | NOL Carryover
Utilized | Carryover
to Next Year |
|---|--|-----------------------------|-------------------------------|---------------------------|---------------------------|
| 15th
12/31/88 | | | | | |
| 14th
12/31/89 | | | | | |
| 13th
12/31/90 | | | | | |
| 12th
12/31/91 | | | | | |
| 11th
12/31/92 | | | | | |
| 10th
12/31/93 | | | | | |
| 9th
12/31/94 | | | | | |
| 8th
12/31/95 | | | | | |
| 7th
12/31/96 | | | | | |
| 6th
12/31/97 | | | | | |
| 5th
12/31/98 | | | | | |
| 4th
12/31/99 | | | | | |
| 3rd
12/31/00 | | | | | |
| 2nd
12/31/01 | 131,032
131,032 | -131,032 | | | |
| 1st
12/31/02 | | | | | |
| NOL Carryover Available To Current Year | | | 0 | | |
| Current Year
Income/(Loss) | 0
-8,626,375 | | | | 8,626,375 |
| NOL Carryover Available To Next Year | | | | | 8,626,375 |

Consolidated NOL Carryover Worksheet - AMT

Form **1120****2003**

For calendar year 2003 or tax year beginning

, ending

Name

Employer Identification Number

ENERGY MERCHANT CORP**13-3855623**

| Preceding
Taxable Year | NOL Before SRLY Limit/
NOL After SRLY Limit | Consolidated
Adjustments | Consolidated
NOL Available | NOL Carryover
Utilized | Carryover
to Next Year |
|---|--|-----------------------------|-------------------------------|---------------------------|---------------------------|
| 15th
12/31/88 | | | | | |
| 14th
12/31/89 | | | | | |
| 13th
12/31/90 | | | | | |
| 12th
12/31/91 | | | | | |
| 11th
12/31/92 | | | | | |
| 10th
12/31/93 | | | | | |
| 9th
12/31/94 | | | | | |
| 8th
12/31/95 | | | | | |
| 7th
12/31/96 | | | | | |
| 6th
12/31/97 | | | | | |
| 5th
12/31/98 | | | | | |
| 4th
12/31/99 | | | | | |
| 3rd
12/31/00 | | | | | |
| 2nd
12/31/01 | 131,032
131,032 | -131,032 | | | |
| 1st
12/31/02 | | | | | |
| NOL Carryover Available To Current Year | | | 0 | | |
| Current Year | 0
-8,622,458 | | | | 8,622,458 |
| NOL Carryover Available To Next Year | | | | | 8,622,458 |

Federal Statements**Statement 1 - Form 1120, Page 1, Line 10 - Other Income**

| <u>Description</u> | <u>Amount</u> |
|------------------------------------|--------------------------|
| <u>ENERGY MERCHANT HOLDING INC</u> | |
| ENERGY MERCHANT LLC | <u>-8,162,938</u> |
| SUBTOTAL | <u>-8,162,938</u> |
| <u>EMC CAPITAL CORP</u> | |
| ENERGY MERCHANT ADVISORY CO., | <u>-23,131</u> |
| SUBTOTAL | <u>-23,131</u> |
| TOTAL | <u><u>-8,186,069</u></u> |

Federal Statements

Statement 2 - Form 1120, Page 1, Line 10 - Other Income Pass Through Information

| <u>Name of Entity</u> | <u>EIN</u> | <u>Address</u> | <u>City</u> | <u>State</u> | <u>Zip</u> |
|------------------------------------|------------|---------------------|-------------|--------------|------------|
| <u>ENERGY MERCHANT HOLDING INC</u> | | | | | |
| ENERGY MERCHANT LLC | 52-2101198 | P.O. BOX 549 | BEL AIR | MD | 21014-0549 |
| <u>EMC CAPITAL CORP</u> | | | | | |
| ENERGY MERCHANT ADVISORY CO., LLC | 06-1601720 | 369 FLORIDA HILL RD | RIDGEFIELD | CT | 06877 |

Federal Statements**Statement 3 - Form 1120, Page 1, Line 26 - Other Deductions**

| <u>Description</u> | <u>Amount</u> |
|--|-----------------------|
| <u>ENERGY MERCHANT CORP</u> | |
| ADP FEES | 5,530 |
| AUTO & LOCAL TRAVEL | 20,473 |
| BANK CHARGES | 2,308 |
| CLEANING & JANITORIAL | 10,315 |
| COMPUTER EXPENSES | 6,918 |
| CONSULTANTS | 196,125 |
| DUES AND SUBSCRIPTIONS | 5,117 |
| INFORMATION SERVICES | 57,228 |
| INSURANCE | 103,802 |
| OFFICE EXPENSE | 27,025 |
| POSTAGE & DELIVERY | 4,180 |
| PROFESSIONAL FEES | 67,722 |
| MISCELLANEOUS | 11,969 |
| TELEPHONE | 35,926 |
| TRAVEL & LODGING | 205,497 |
| UTILITIES | 22,942 |
| 50% OF MEALS & ENTERTAINMENT | 82,673 |
| SUBTOTAL | <u>865,750</u> |
| <u>ENERGY MERCHANT MANAGEMENT CO., LLC</u> | |
| ADMIN FEES | 18,333 |
| AUTO & TRAVEL | 1,243 |
| BANK CHARGES | 32 |
| DATA SERVICES | 914 |
| OFFICE EXPENSE | 10,224 |
| PROFESSIONAL FEES | 40,075 |
| TELEPHONE & INTERNET | 3,633 |
| SUBTOTAL | <u>74,454</u> |
| <u>EMC CAPITAL CORP</u> | |
| BANK CHARGES | 125 |
| ENERGY MERCHANT INVESTORS FUN | 2,945 |
| SUBTOTAL | <u>3,070</u> |
| ADJUSTMENT | <u>-4</u> |
| TOTAL | <u><u>943,270</u></u> |

Federal Statements**Statement 4 - From 1120, Page 1, Line 26 - Other Deductions Pass Through Information**

Name of Entity

EIN

Address

City

State

Zip

EMC CAPITAL CORP

ENERGY MERCHANT INVESTORS FUND, LLC

06-1601720 369 FLORIDA HILL RD

RIDGEFIELD

CT 06877

Federal Statements

Statement 5 - 1120, Pg 3, Sch K, Question 3 - Did the Corp Own 50% or More of a Domestic Corp

| <u>EIN</u> | <u>Name</u> | <u>Address</u> | <u>City</u> | <u>State</u> | <u>Zip</u> | <u>Percent Owned</u> | <u>Income (Loss)</u> |
|------------|-----------------------------------|-----------------------|-------------|--------------|------------|----------------------|----------------------|
| 13-4104912 | ENERGY MERCHANT HOLDING INC | 126 E 56TH ST, 33 FLR | NEW YORK | NY | 10022 | 100.000 | \$ |
| 51-0383350 | EMC CAPITAL CORP | 126 E 56TH ST, 33 FLR | NEW YORK | NY | 10022 | 100.000 | |
| 95-4564080 | POWERINE OIL COMPANY | 126 E 56TH ST, 33 FLR | NEW YORK | NY | 10022 | 100.000 | |
| 13-4146881 | ENERGY MERCHANT MANAGEMENT CO LLC | 126 E 56TH ST, 33 FLR | NEW YORK | NY | 10022 | 100.000 | |
| 95-4059009 | ANGLO PETROLEUM CORP | 126 E 56TH ST, 33 FLR | NEW YORK | NY | 10022 | 100.000 | |
| 13-3817433 | CORPORATE DEVELOPMENT INC | 126 E 56TH ST, 33 FLR | NEW YORK | NY | 10022 | 100.000 | |

Federal Statements**Statement 6 - Form 1120, Pg 3, Sch K, Question 5 - Did Entity Own 50% or More of Corp Stock?**

| <u>EIN/SSN</u> | <u>Name of Entity</u> | <u>Percent
Owned</u> |
|----------------|-----------------------|--------------------------|
| 106-52-9250 | SIEGFRIED K HODAPP | 68.500 |
| TOTAL | | <u>68.500</u> |

Federal Statements

Statement 7 - Form 1120, Page 4, Schedule L, Line 6 - Other Current Assets

| Description | Beginning
of Year | End
of Year |
|--|----------------------|----------------|
| <u>ENERGY MERCHANT CORP</u> | | |
| PREPAID FEDERAL INCOME TAX | 3,000,000 | |
| DUE FROM AFFILIATES | 3,208,497 | 502,047 |
| LOANS TO EMPLOYEES | 1,420,010 | 1,854,428 |
| PREPAID CA INCOME TAXES | 75,401 | 69,801 |
| SUBTOTAL | 7,703,908 | 2,426,276 |
| <u>ENERGY MERCHANT MANAGEMENT CO., LLC</u> | | |
| DUE FROM EMAC | 975,388 | |
| SUBTOTAL | 975,388 | 0 |
| <u>EMC CAPITAL CORP</u> | | |
| DUE FROM EMC | 11,156,634 | |
| SUBTOTAL | 11,156,634 | 0 |
| ADJUSTMENT | -12,283,724 | |
| TOTAL | 7,552,206 | 2,426,276 |

Statement 8 - Form 1120, Page 4, Schedule L, Line 9 - Other Investments

| Description | Beginning
of Year | End
of Year |
|------------------------------------|----------------------|----------------|
| <u>ENERGY MERCHANT CORP</u> | | |
| DESIGN-ARCHITECTS.COM | 250,000 | |
| EMC HANDLES GMBH | 218,389 | 247,388 |
| POWERINE OIL COMPANY | 1,000,000 | 1,000,000 |
| ENERGY MERCHANT HOLDING INC | 22,851,494 | -785,573 |
| SUBTOTAL | 24,319,883 | 461,815 |
| <u>ENERGY MERCHANT HOLDING INC</u> | | |
| ENERGY MERCHANT STORAGE | 100,000 | 100,000 |
| EMC CAPITAL CORP | 11,178,187 | 75,073 |
| ENERGY MERCHANT LLC | 13,116,031 | -1,460,646 |
| WILLIAMS TECHNOLOGIES LLC | -1,542,722 | |
| SUBTOTAL | 22,851,496 | -1,285,573 |
| <u>EMC CAPITAL CORP</u> | | |
| FIMAT & STONE BROKERAGE | 236,158 | |
| EMAC LLC | -97,540 | 73,222 |
| EMMC LLC | -151,205 | 465 |
| EMIF LLC | 820,374 | |
| SUBTOTAL | 807,787 | 73,687 |
| ADJUSTMENT | -34,878,477 | 210,036 |
| TOTAL | 13,100,689 | -540,035 |

Federal Statements**Statement 9 - Form 1120, Page 4, Schedule L, Line 14 - Other Assets**

| Description | Beginning
of Year | End
of Year |
|----------------------|----------------------|----------------|
| ENERGY MERCHANT CORP | | |
| DEPOSITS | 155,699 | 155,699 |
| TOTAL | 155,699 | 155,699 |

Statement 10 - Form 1120, Page 4, Schedule L, Line 18 - Other Current Liabilities

| Description | Beginning
of Year | End
of Year |
|-------------------------------------|----------------------|----------------|
| ENERGY MERCHANT CORP | | |
| ACCRUED EXPENSES 401-K | 12,766 | |
| DUE TO AFFILIATES | 12,038,379 | 968,987 |
| SUBTOTAL | 12,051,145 | 968,987 |
| ENERGY MERCHANT MANAGEMENT CO., LLC | | |
| DUE TO EMC | 1,127,089 | |
| SUBTOTAL | 1,127,089 | 0 |
| EMC CAPITAL CORP | | |
| DUE TO EMAC | 786,235 | |
| SUBTOTAL | 786,235 | 0 |
| ADJUSTMENT | -13,165,468 | -881,745 |
| TOTAL | 799,001 | 87,242 |

Federal Statements**Statement 11 - Form 1120, Page 4, Schedule M-1, Line 4 - Taxable Income Not on Books**

| <u>Description</u> | <u>Amount</u> |
|-------------------------------|---------------|
| ENERGY MERCHANT CORP | |
| CASH DIVIDEND FROM SUBSIDIARY | 13,112,269 |
| SUBTOTAL | 13,112,269 |
| ENERGY MERCHANT HOLDING INC | |
| CASH DIVIDENDS FROM EMC CC | 13,112,269 |
| SUBTOTAL | 13,112,269 |
| ADJUSTMENT | -26,224,538 |
| TOTAL | 0 |

Statement 12 - Form 1120, Page 4, Schedule M-1, Line 5 - Expenses on Books Not on Return

| <u>Description</u> | <u>Amount</u> |
|-------------------------------|---------------|
| ENERGY MERCHANT CORP | |
| EQUITY IN SUBSIDIARY LOSSES | 13,917,521 |
| SUBTOTAL | 13,917,521 |
| ENERGY MERCHANT HOLDING INC | |
| PASS THROUGH ENTITY (SCH K-1) | 9,562,632 |
| SUBTOTAL | 9,562,632 |
| ADJUSTMENT | -13,917,521 |
| TOTAL | 9,562,632 |

Statement 13 - Form 1120, Page 4, Schedule M-1, Line 7 - Income on Books Not on Return

| <u>Description</u> | <u>Amount</u> |
|-------------------------------|---------------|
| ENERGY MERCHANT HOLDING INC | |
| EQUITY IN SUBSIDIARY EARNINGS | 2,009,155 |
| SUBTOTAL | 2,009,155 |
| ADJUSTMENT | -2,009,155 |
| TOTAL | 0 |

CONSOLIDATED REPORTS

| | COMBINED TOTALS | ADJUSTMENTS | CONSOLIDATED CLIENT
ENERGY MERCHANT
CORP
13-3855623 |
|--|-----------------|-------------|--|
| 1 A GROSS RECEIPTS OR SALES | 231,294 | | 231,294 |
| 1 B LESS RETURNS AND ALLOWANCES | | | |
| 1 C NET RECEIPTS OR SALES | 231,294 | | 231,294 |
| 2 COST OF GOODS SOLD | | | |
| 3 GROSS PROFIT | 231,294 | | 231,294 |
| 4 DIVIDENDS | 26,236,582 | -26,236,582 | |
| 5 INTEREST | 40,483 | | 40,483 |
| 6 GROSS RENTS | | | |
| 7 GROSS ROYALTIES | | | |
| 8 CAPITAL GAIN NET INCOME | 3,787,438 | -275,269 | 3,512,169 |
| 9 NET GAIN OR (LOSS) FROM FORM 4797 | | | |
| 10 OTHER INCOME | -8,186,069 | | -8,186,069 |
| 11 TOTAL INCOME | 22,109,728 | -26,511,851 | -4,402,123 |
| 12 COMPENSATION OF OFFICERS | 999,820 | | 999,820 |
| 13 SALARIES AND WAGES | 734,156 | | 734,156 |
| 14 REPAIRS AND MAINTENANCE | 2,403 | | 2,403 |
| 15 BAD DEBTS | | | |
| 16 RENTS | 386,919 | | 386,919 |
| 17 TAXES AND LICENSES | 483,155 | | 483,155 |
| 18 INTEREST | 49,994 | | 49,994 |
| 19 CHARITABLE CONTRIBUTIONS | | | |
| 20 DEPRECIATION | 41,620 | | 41,620 |
| 21 A LESS DEPRECIATION CLAIMED
ON SCH A AND ELSEWHERE | | | |
| 21 B PAGE 1 DEPRECIATION | 41,620 | | 41,620 |
| 22 DEPLETION | | | |
| 23 ADVERTISING | | | |
| 24 PENSION, PROFIT-SHARING, ETC., PLANS | 97,990 | | 97,990 |
| 25 EMPLOYEE BENEFIT PROGRAMS | 484,925 | | 484,925 |
| 26 OTHER DEDUCTIONS | 943,274 | -4 | 943,270 |
| 27 TOTAL DEDUCTIONS | 4,224,256 | -4 | 4,224,252 |
| 28 TAXABLE INCOME BEFORE NOL AND
SPECIAL DEDUCTIONS | 17,885,472 | -26,511,847 | -8,626,375 |
| 29 A NOL DEDUCTION | 12,044 | -12,044 | |
| 29 B SPECIAL DEDUCTIONS | 26,236,582 | -26,236,582 | |
| 30 TAXABLE INCOME | -8,363,154 | -263,221 | -8,626,375 |

CONSOLIDATED REPORTS

1120 PAGE 1

| | PARENT CLIENT
ENERGY MERCHANT
CORP | SUBSIDIARY CLIENT
POWERINE OIL
COMPANY | SUBSIDIARY CLIENT
ANGLO PETROLEUM
CORPORATION | SUBSIDIARY CLIENT
CORPORATE
DEVELOPMENT INC | SUBSIDIARY CLIENT
ENERGY MERCHANT
HOLDING INC | SUBSIDIARY CLIENT
ENERGY MERCHANT
MANAGEMENT CO., LLC |
|--|--|--|---|---|---|---|
| | 13-3855623 | 95-4564080 | 95-4059009 | 13-3817433 | 13-4104912 | 13-4146681 |
| 1 A GROSS RECEIPTS OR SALES | | | | | | 231,294 |
| 1 B LESS RETURNS AND ALLOWANCES | | | | | | |
| 1 C NET RECEIPTS OR SALES | | | | | | 231,294 |
| 2 COST OF GOODS SOLD | | | | | | |
| 3 GROSS PROFIT | | | | | | 231,294 |
| 4 DIVIDENDS | 13,112,269 | | | | 13,112,269 | |
| 5 INTEREST | 5,081 | | | | 28,159 | |
| 6 GROSS RENTS | | | | | | |
| 7 GROSS ROYALTIES | | | | | | |
| 8 CAPITAL GAIN NET INCOME | | | | | 1,770,733 | |
| 9 NET GAIN OR (LOSS) FROM FORM 4797 | | | | | | |
| 10 OTHER INCOME | | | | | -8,162,938 | |
| 11 TOTAL INCOME | 13,117,350 | | | | 6,748,223 | 231,294 |
| 12 COMPENSATION OF OFFICERS | 910,300 | | | | | 89,520 |
| 13 SALARIES AND WAGES | 708,579 | | | | | 25,577 |
| 14 REPAIRS AND MAINTENANCE | 2,403 | | | | | |
| 15 BAD DEBTS | | | | | | |
| 16 RENTS | 372,919 | | | | | 14,000 |
| 17 TAXES AND LICENSES | 471,856 | | | | | 11,299 |
| 18 INTEREST | 49,358 | | | | | |
| 19 CHARITABLE CONTRIBUTIONS | | | | | | |
| 20 DEPRECIATION | 41,620 | | | | | |
| 21 A LESS DEPRECIATION CLAIMED
ON SCH A AND ELSEWHERE | | | | | | |
| 21 B PAGE 1 DEPRECIATION | 41,620 | | | | | |
| 22 DEPLETION | | | | | | |
| 23 ADVERTISING | | | | | | |
| 24 PENSION, PROFIT-SHARING, ETC., PLANS | 97,990 | | | | | |
| 25 EMPLOYEE BENEFIT PROGRAMS | 480,525 | | | | | 4,400 |
| 26 OTHER DEDUCTIONS | 865,750 | | | | | 74,454 |
| 27 TOTAL DEDUCTIONS | 4,001,300 | | | | | 219,250 |
| 28 TAXABLE INCOME BEFORE NOL AND
SPECIAL DEDUCTIONS | 9,116,050 | 0 | 0 | 0 | 6,748,223 | 12,044 |
| 29 A NOL DEDUCTION | | | | | | 12,044 |
| 29 B SPECIAL DEDUCTIONS | 13,112,269 | | | | 13,112,269 | |
| 30 TAXABLE INCOME | -3,996,219 | 0 | 0 | 0 | -6,364,046 | 0 |

CONSOLIDATED REPORTS

SUBSIDIARY CLIENT
EMC CAPITAL CORP51-0383350

| | | |
|------|---|-------------------------|
| 1 A | GROSS RECEIPTS OR SALES | |
| 1 B | LESS RETURNS AND ALLOWANCES | |
| 1 C | NET RECEIPTS OR SALES | |
| 2 | COST OF GOODS SOLD | |
| 3 | GROSS PROFIT | |
| 4 | DIVIDENDS | 12,044 |
| 5 | INTEREST | 7,243 |
| 6 | GROSS RENTS | |
| 7 | GROSS ROYALTIES | |
| 8 | CAPITAL GAIN NET INCOME | 2,016,705 |
| 9 | NET GAIN OR (LOSS) FROM FORM 4797 | |
| 10 | OTHER INCOME | -23,131 |
| 11 | TOTAL INCOME | <u>2,012,861</u> |
| 12 | COMPENSATION OF OFFICERS | |
| 13 | SALARIES AND WAGES | |
| 14 | REPAIRS AND MAINTENANCE | |
| 15 | BAD DEBTS | |
| 16 | RENTS | |
| 17 | TAXES AND LICENSES | |
| 18 | INTEREST | 636 |
| 19 | CHARITABLE CONTRIBUTIONS | |
| 20 | DEPRECIATION | |
| 21 A | LESS DEPRECIATION CLAIMED
ON SCH A AND ELSEWHERE | |
| 21 B | PAGE 1 DEPRECIATION | |
| 22 | DEPLETION | |
| 23 | ADVERTISING | |
| 24 | PENSION, PROFIT-SHARING, ETC., PLANS | |
| 25 | EMPLOYEE BENEFIT PROGRAMS | |
| 26 | OTHER DEDUCTIONS | 3,070 |
| 27 | TOTAL DEDUCTIONS | <u>3,706</u> |
| 28 | TAXABLE INCOME BEFORE NOL AND
SPECIAL DEDUCTIONS | 2,009,155 |
| 29 A | NOL DEDUCTION | |
| 29 B | SPECIAL DEDUCTIONS | 12,044 |
| 30 | TAXABLE INCOME | <u><u>1,997,111</u></u> |

CONSOLIDATED REPORTS 1120 SCHEDULE C

| | COMBINED TOTALS | ADJUSTMENTS | CONSOLIDATED CLIENT
ENERGY MERCHANT
CORP |
|---|-----------------|-------------|--|
| | | | 13-3855623 |
| DIVIDENDS RECEIVED | | | |
| 1 DOMESTIC CORPS - SUBJECT TO 70% DED | | | |
| 2 DOMESTIC CORPS - SUBJECT TO 80% DED | | | |
| 3 DEBT FINANCED STOCK - DOM AND FGN | | | |
| 4 PREF. STOCK < 20% OWNED PUBLIC UTIL | | | |
| 5 PREF. STOCK >= 20% OWNED PUBLIC UTIL | | | |
| 6 < 20% FOREIGN CORPS & FSC'S - 70% | | | |
| 7 >= 20% FOREIGN CORPS & FSC'S - 80% | | | |
| 8 WHOLLY OWNED FGN SUBSIDIARIES - 100% | | | |
| 10 DOMESTIC CORPS - SMALL BUS INV ACT | | | |
| 11 FROM FSC'S SUBJECT TO 100% DEDUCTION | | | |
| 12 AFFILIATED GROUP MEMBERS SUBJECT
TO 100% DEDUCTION | 26,236,582 | -26,236,582 | |
| 13 FOREIGN CORPS NOT INCLUDED ABOVE | | | |
| 14 CONTROLLED FGN CORPS UNDER SUBPART F | | | |
| 15 FOREIGN DIVIDEND GROSS-UP | | | |
| 16 IC-DISC & FORMER DISC DIV
NOT INCLUDED ABOVE | | | |
| 17 OTHER DIVIDENDS | | | |
| 19 TOTAL DIVIDENDS | 26,236,582 | -26,236,582 | |
| SPECIAL DEDUCTIONS | | | |
| 1 DOMESTIC CORPS - SUBJECT TO 70% DED | | | |
| 2 DOMESTIC CORPS - SUBJECT TO 80% DED | | | |
| 3 DEBT FINANCED STOCK - DOM AND FGN | | | |
| 4 PREF. STOCK < 20% OWNED PUBLIC UTIL | | | |
| 5 PREF. STOCK >= 20% OWNED PUBLIC UTIL | | | |
| 6 < 20% FOREIGN CORPS & FSC'S - 70% | | | |
| 7 >= 20% FOREIGN CORPS & FSC'S - 80% | | | |
| 8 WHOLLY OWNED FGN SUBSIDIARIES - 100% | | | |
| 9 TOTAL LINES 1 THROUGH 8 | | | |
| 10 DOMESTIC CORPS - SMALL BUS INV ACT | | | |
| 11 FROM FSC'S SUBJECT TO 100% DEDUCTION | | | |
| 12 AFFILIATED GROUP MEMBERS SUBJECT
TO 100% DEDUCTION | 26,236,582 | -26,236,582 | |
| 18 DED FOR DIV PAID ON PREFERRED
STOCK OF PUBLIC UTILITIES | | | |
| 20 TOTAL SPECIAL DEDUCTIONS | 26,236,582 | -26,236,582 | |

CONSOLIDATED REPORTS

1120 SCHEDULE C

| | PARENT CLIENT
ENERGY MERCHANT
CORP | SUBSIDIARY CLIENT
POWERINE OIL
COMPANY | SUBSIDIARY CLIENT
ANGLO PETROLEUM
CORPORATION | SUBSIDIARY CLIENT
CORPORATE
DEVELOPMENT INC | SUBSIDIARY CLIENT
ENERGY MERCHANT
HOLDING INC | SUBSIDIARY CLIENT
ENERGY MERCHANT
MANAGEMENT CO., LLC |
|---------------------------|--|--|---|---|---|---|
| | 13-3855623 | 95-4564080 | 95-4059009 | 13-3817433 | 13-4104912 | 13-4146881 |
| DIVIDENDS RECEIVED | | | | | | |
| 1 | DOMESTIC CORPS - SUBJECT TO 70% DED | | | | | |
| 2 | DOMESTIC CORPS - SUBJECT TO 80% DED | | | | | |
| 3 | DEBT FINANCED STOCK - DOM AND FGN | | | | | |
| 4 | PREF. STOCK < 20% OWNED PUBLIC UTIL | | | | | |
| 5 | PREF. STOCK >= 20% OWNED PUBLIC UTIL | | | | | |
| 6 | < 20% FOREIGN CORPS & FSC'S - 70% | | | | | |
| 7 | >= 20% FOREIGN CORPS & FSC'S - 80% | | | | | |
| 8 | WHOLLY OWNED FGN SUBSIDIARIES - 100% | | | | | |
| 10 | DOMESTIC CORPS - SMALL BUS INV ACT | | | | | |
| 11 | FROM FSC'S SUBJECT TO 100% DEDUCTION | | | | | |
| 12 | AFFILIATED GROUP MEMBERS SUBJECT
TO 100% DEDUCTION | 13,112,269 | | | 13,112,269 | |
| 13 | FOREIGN CORPS NOT INCLUDED ABOVE | | | | | |
| 14 | CONTROLLED FGN CORPS UNDER SUBPART F | | | | | |
| 15 | FOREIGN DIVIDEND GROSS-UP | | | | | |
| 16 | IC-DISC & FORMER DISC DIV
NOT INCLUDED ABOVE | | | | | |
| 17 | OTHER DIVIDENDS | | | | | |
| 19 | TOTAL DIVIDENDS | 13,112,269 | | | 13,112,269 | |
| SPECIAL DEDUCTIONS | | | | | | |
| 1 | DOMESTIC CORPS - SUBJECT TO 70% DED | | | | | |
| 2 | DOMESTIC CORPS - SUBJECT TO 80% DED | | | | | |
| 3 | DEBT FINANCED STOCK - DOM AND FGN | | | | | |
| 4 | PREF. STOCK < 20% OWNED PUBLIC UTIL | | | | | |
| 5 | PREF. STOCK >= 20% OWNED PUBLIC UTIL | | | | | |
| 6 | < 20% FOREIGN CORPS & FSC'S - 70% | | | | | |
| 7 | >= 20% FOREIGN CORPS & FSC'S - 80% | | | | | |
| 8 | WHOLLY OWNED FGN SUBSIDIARIES - 100% | | | | | |
| 9 | TOTAL LINES 1 THROUGH 8 | | | | | |
| 10 | DOMESTIC CORPS - SMALL BUS INV ACT | | | | | |
| 11 | FROM FSC'S SUBJECT TO 100% DEDUCTION | | | | | |
| 12 | AFFILIATED GROUP MEMBERS SUBJECT
TO 100% DEDUCTION | 13,112,269 | | | 13,112,269 | |
| 18 | DED FOR DIV PAID ON PREFERRED
STOCK OF PUBLIC UTILITIES | | | | | |
| 20 | TOTAL SPECIAL DEDUCTIONS | 13,112,269 | | | 13,112,269 | |

CONSOLIDATED REPORTS
1120 SCHEDULE C

SUBSIDIARY CLIENT
EMC CAPITAL CORP

51-0383350

DIVIDENDS RECEIVED

| | | |
|----|---|--------|
| 1 | DOMESTIC CORPS - SUBJECT TO 70% DED | |
| 2 | DOMESTIC CORPS - SUBJECT TO 80% DED | |
| 3 | DEBT FINANCED STOCK - DOM AND FGN | |
| 4 | PREF. STOCK < 20% OWNED PUBLIC UTIL | |
| 5 | PREF. STOCK >= 20% OWNED PUBLIC UTIL | |
| 6 | < 20% FOREIGN CORPS & FSC'S - 70% | |
| 7 | >= 20% FOREIGN CORPS & FSC'S - 80% | |
| 8 | WHOLLY OWNED FGN SUBSIDIARIES - 100% | |
| 10 | DOMESTIC CORPS - SMALL BUS INV ACT | |
| 11 | FROM FSC'S SUBJECT TO 100% DEDUCTION | |
| 12 | AFFILIATED GROUP MEMBERS SUBJECT
TO 100% DEDUCTION | 12,044 |
| 13 | FOREIGN CORPS NOT INCLUDED ABOVE | |
| 14 | CONTROLLED FGN CORPS UNDER SUBPART F | |
| 15 | FOREIGN DIVIDEND GROSS-UP | |
| 16 | IC-DISC & FORMER DISC DIV
NOT INCLUDED ABOVE | |
| 17 | OTHER DIVIDENDS | |
| 19 | TOTAL DIVIDENDS | 12,044 |

SPECIAL DEDUCTIONS

| | | |
|----|--|--------|
| 1 | DOMESTIC CORPS - SUBJECT TO 70% DED | |
| 2 | DOMESTIC CORPS - SUBJECT TO 80% DED | |
| 3 | DEBT FINANCED STOCK - DOM AND FGN | |
| 4 | PREF. STOCK < 20% OWNED PUBLIC UTIL | |
| 5 | PREF. STOCK >= 20% OWNED PUBLIC UTIL | |
| 6 | < 20% FOREIGN CORPS & FSC'S - 70% | |
| 7 | >= 20% FOREIGN CORPS & FSC'S - 80% | |
| 8 | WHOLLY OWNED FGN SUBSIDIARIES - 100% | |
| 9 | TOTAL LINES 1 THROUGH 8 | |
| 10 | DOMESTIC CORPS - SMALL BUS INV ACT | |
| 11 | FROM FSC'S SUBJECT TO 100% DEDUCTION | |
| 12 | AFFILIATED GROUP MEMBERS SUBJECT
TO 100% DEDUCTION | 12,044 |
| 18 | DED FOR DIV PAID ON PREFERRED
STOCK OF PUBLIC UTILITIES | |
| 20 | TOTAL SPECIAL DEDUCTIONS | 12,044 |

CONSOLIDATED REPORTS

1120 SCHEDULE L BEGINNING OF TAX YEAR

| | COMBINED TOTALS | ADJUSTMENTS | CONSOLIDATED CLIENT
ENERGY MERCHANT
CORP
13-3855623 |
|---|-----------------|-------------|--|
| ASSETS | | | |
| 1 CASH | 1,089,362 | | 1,089,362 |
| 2 A TRADE NOTES AND ACCOUNTS RECEIVABLE | | | |
| 2 B LESS ALLOWANCE FOR BAD DEBTS | | | |
| 3 INVENTORIES | | | |
| 4 U.S. GOVERNMENT OBLIGATIONS | | | |
| 5 TAX-EXEMPT SECURITIES | | | |
| 6 OTHER CURRENT ASSETS | 19,835,930 | -12,283,724 | 7,552,206 |
| 7 LOANS TO SHAREHOLDERS | 881,745 | -881,745 | |
| 8 MORTGAGE AND REAL ESTATE LOANS | | | |
| 9 OTHER INVESTMENTS | 47,979,166 | -34,878,477 | 13,100,689 |
| 10 A BUILDINGS AND OTHER DEPRECIABLE ASSETS | 590,257 | | 590,257 |
| 10 B LESS ACCUMULATED DEPRECIATION | 211,727 | | 211,727 |
| 11 A DEPLETABLE ASSETS | | | |
| 11 B LESS ACCUMULATED DEPLETION | | | |
| 12 LAND (NET OF ANY AMORTIZATION) | | | |
| 13 A INTANGIBLE ASSETS (AMORTIZABLE ONLY) | | | |
| 13 B LESS ACCUMULATED AMORTIZATION | | | |
| 14 OTHER ASSETS | 155,699 | | 155,699 |
| 15 TOTAL ASSETS | 70,320,432 | -48,043,946 | 22,276,486 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| 16 ACCOUNTS PAYABLE | 3,771,486 | | 3,771,486 |
| 17 MORTGAGES, NOTES, AND BONDS
PAYABLE IN LESS THAN 1 YEAR | | | |
| 18 OTHER CURRENT LIABILITIES | 13,964,469 | -13,165,468 | 799,001 |
| 19 LOANS FROM SHAREHOLDERS | 250,000 | | 250,000 |
| 20 MORTGAGES, NOTES, AND BONDS
PAYABLE IN 1 YEAR OR MORE | 8,487,170 | | 8,487,170 |
| 21 OTHER LIABILITIES | | | |
| 22 A CAPITAL STOCK - PREFERRED | | | |
| 22 B CAPITAL STOCK - COMMON | 4,350,501 | -1,000,501 | 3,350,000 |
| 23 ADDITIONAL PAID-IN CAPITAL | 20,800,182 | -20,450,482 | 349,700 |
| 24 RETAINED EARNINGS - APPROPRIATED | | | |
| 25 RETAINED EARNINGS - UNAPPROPRIATED | 19,396,624 | -13,427,495 | 5,969,129 |
| 26 ADJUSTMENTS TO SHAREHOLDERS' EQUITY | | | |
| 27 LESS COST OF TREASURY STOCK | 700,000 | | 700,000 |
| 28 TOTAL LIABILITIES AND
SHAREHOLDERS' EQUITY | 70,320,432 | -48,043,946 | 22,276,486 |

CONSOLIDATED REPORTS **1120 SCHEDULE L BEGINNING OF TAX YEAR**

| | PARENT CLIENT
ENERGY MERCHANT
CORP | SUBSIDIARY CLIENT
POWERINE OIL
COMPANY | SUBSIDIARY CLIENT
ANGLO PETROLEUM
CORPORATION | SUBSIDIARY CLIENT
CORPORATE
DEVELOPMENT INC | SUBSIDIARY CLIENT
ENERGY MERCHANT
HOLDING INC | SUBSIDIARY CLIENT
ENERGY MERCHANT
MANAGEMENT CO., LLC |
|---|--|--|---|---|---|---|
| | 13-3855623 | 95-4564080 | 95-4059009 | 13-3817433 | 13-4104912 | 13-4146881 |
| ASSETS | | | | | | |
| 1 CASH | 1,088,865 | | | | | 497 |
| 2 A TRADE NOTES AND ACCOUNTS RECEIVABLE | | | | | | |
| 2 B LESS ALLOWANCE FOR BAD DEBTS | | | | | | |
| 3 INVENTORIES | | | | | | |
| 4 U.S. GOVERNMENT OBLIGATIONS | | | | | | |
| 5 TAX-EXEMPT SECURITIES | | | | | | |
| 6 OTHER CURRENT ASSETS | 7,703,908 | | | | | 975,388 |
| 7 LOANS TO SHAREHOLDERS | | 881,745 | | | | |
| 8 MORTGAGE AND REAL ESTATE LOANS | | | | | | |
| 9 OTHER INVESTMENTS | 24,319,883 | | | | 22,851,496 | |
| 10 A BUILDINGS AND OTHER DEPRECIABLE ASSETS | 590,257 | | | | | |
| 10 B LESS ACCUMULATED DEPRECIATION | 211,727 | | | | | |
| 11 A DEPLETABLE ASSETS | | | | | | |
| 11 B LESS ACCUMULATED DEPLETION | | | | | | |
| 12 LAND (NET OF ANY AMORTIZATION) | | | | | | |
| 13 A INTANGIBLE ASSETS (AMORTIZABLE ONLY) | | | | | | |
| 13 B LESS ACCUMULATED AMORTIZATION | | | | | | |
| 14 OTHER ASSETS | 155,699 | | | | | |
| 15 TOTAL ASSETS | 33,646,885 | 881,745 | 0 | 0 | 22,851,496 | 975,885 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | |
| 16 ACCOUNTS PAYABLE | 82,226 | 3,689,260 | | | | |
| 17 MORTGAGES, NOTES, AND BONDS
PAYABLE IN LESS THAN 1 YEAR | | | | | | |
| 18 OTHER CURRENT LIABILITIES | 12,051,145 | | | | | 1,127,089 |
| 19 LOANS FROM SHAREHOLDERS | 250,000 | | | | | |
| 20 MORTGAGES, NOTES, AND BONDS
PAYABLE IN 1 YEAR OR MORE | | 8,487,170 | | | | |
| 21 OTHER LIABILITIES | | | | | | |
| 22 A CAPITAL STOCK - PREFERRED | | | | | | |
| 22 B CAPITAL STOCK - COMMON | 3,350,000 | 1 | | | 500 | |
| 23 ADDITIONAL PAID-IN CAPITAL | 349,700 | 999,999 | | | 19,450,483 | |
| 24 RETAINED EARNINGS - APPROPRIATED | | | | | | |
| 25 RETAINED EARNINGS - UNAPPROPRIATED | 18,263,814 | -12,294,685 | | | 3,400,513 | -151,204 |
| 26 ADJUSTMENTS TO SHAREHOLDERS' EQUITY | | | | | | |
| 27 LESS COST OF TREASURY STOCK | 700,000 | | | | | |
| 28 TOTAL LIABILITIES AND
SHAREHOLDERS' EQUITY | 33,646,885 | 881,745 | 0 | 0 | 22,851,496 | 975,885 |

CONSOLIDATED REPORTS

1120 SCHEDULE L BEGINNING OF TAX YEAR

SUBSIDIARY CLIENT
EMC CAPITAL CORP51-0383350

ASSETS

| | | |
|------|--|-------------------|
| 1 | CASH | |
| 2 A | TRADE NOTES AND ACCOUNTS RECEIVABLE | |
| 2 B | LESS ALLOWANCE FOR BAD DEBTS | |
| 3 | INVENTORIES | |
| 4 | U.S. GOVERNMENT OBLIGATIONS | |
| 5 | TAX-EXEMPT SECURITIES | |
| 6 | OTHER CURRENT ASSETS | 11,156,634 |
| 7 | LOANS TO SHAREHOLDERS | |
| 8 | MORTGAGE AND REAL ESTATE LOANS | |
| 9 | OTHER INVESTMENTS | 807,787 |
| 10 A | BUILDINGS AND OTHER DEPRECIABLE ASSETS | |
| 10 B | LESS ACCUMULATED DEPRECIATION | |
| 11 A | DEPLETABLE ASSETS | |
| 11 B | LESS ACCUMULATED DEPLETION | |
| 12 | LAND (NET OF ANY AMORTIZATION) | |
| 13 A | INTANGIBLE ASSETS (AMORTIZABLE ONLY) | |
| 13 B | LESS ACCUMULATED AMORTIZATION | |
| 14 | OTHER ASSETS | |
| 15 | TOTAL ASSETS | <u>11,964,421</u> |

LIABILITIES AND SHAREHOLDERS' EQUITY

| | | |
|------|--|-------------------|
| 16 | ACCOUNTS PAYABLE | |
| 17 | MORTGAGES, NOTES, AND BONDS
PAYABLE IN LESS THAN 1 YEAR | |
| 18 | OTHER CURRENT LIABILITIES | 786,235 |
| 19 | LOANS FROM SHAREHOLDERS | |
| 20 | MORTGAGES, NOTES, AND BONDS
PAYABLE IN 1 YEAR OR MORE | |
| 21 | OTHER LIABILITIES | |
| 22 A | CAPITAL STOCK - PREFERRED | |
| 22 B | CAPITAL STOCK - COMMON | 1,000,000 |
| 23 | ADDITIONAL PAID-IN CAPITAL | |
| 24 | RETAINED EARNINGS - APPROPRIATED | |
| 25 | RETAINED EARNINGS - UNAPPROPRIATED | 10,178,186 |
| 26 | ADJUSTMENTS TO SHAREHOLDERS' EQUITY | |
| 27 | LESS COST OF TREASURY STOCK | |
| 28 | TOTAL LIABILITIES AND
SHAREHOLDERS' EQUITY | <u>11,964,421</u> |

CONSOLIDATED REPORTS **1120 SCHEDULE L END OF TAX YEAR**

FYE: 12/31/2003

| | COMBINED TOTALS | ADJUSTMENTS | CONSOLIDATED CLIENT
ENERGY MERCHANT
CORP
13-3855623 |
|---|------------------|-----------------|--|
| ASSETS | | | |
| 1 CASH | 487,776 | 3 | 487,779 |
| 2 A TRADE NOTES AND ACCOUNTS RECEIVABLE | | | |
| 2 B LESS ALLOWANCE FOR BAD DEBTS | | | |
| 3 INVENTORIES | | | |
| 4 U.S. GOVERNMENT OBLIGATIONS | | | |
| 5 TAX-EXEMPT SECURITIES | | | |
| 6 OTHER CURRENT ASSETS | 2,426,276 | | 2,426,276 |
| 7 LOANS TO SHAREHOLDERS | 881,745 | -881,745 | |
| 8 MORTGAGE AND REAL ESTATE LOANS | | | |
| 9 OTHER INVESTMENTS | -750,071 | 210,036 | -540,035 |
| 10 A BUILDINGS AND OTHER DEPRECIABLE ASSETS | 590,258 | | 590,258 |
| 10 B LESS ACCUMULATED DEPRECIATION | 301,496 | | 301,496 |
| 11 A DEPLETABLE ASSETS | | | |
| 11 B LESS ACCUMULATED DEPLETION | | | |
| 12 LAND (NET OF ANY AMORTIZATION) | | | |
| 13 A INTANGIBLE ASSETS (AMORTIZABLE ONLY) | | | |
| 13 B LESS ACCUMULATED AMORTIZATION | | | |
| 14 OTHER ASSETS | 155,699 | | 155,699 |
| 15 TOTAL ASSETS | <u>3,490,187</u> | <u>-671,706</u> | <u>2,818,481</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| 16 ACCOUNTS PAYABLE | 3,689,260 | | 3,689,260 |
| 17 MORTGAGES, NOTES, AND BONDS
PAYABLE IN LESS THAN 1 YEAR | | | |
| 18 OTHER CURRENT LIABILITIES | 968,987 | -881,745 | 87,242 |
| 19 LOANS FROM SHAREHOLDERS | 230,000 | | 230,000 |
| 20 MORTGAGES, NOTES, AND BONDS
PAYABLE IN 1 YEAR OR MORE | 8,487,170 | | 8,487,170 |
| 21 OTHER LIABILITIES | | | |
| 22 A CAPITAL STOCK - PREFERRED | | | |
| 22 B CAPITAL STOCK - COMMON | 4,351,001 | -1,001,001 | 3,350,000 |
| 23 ADDITIONAL PAID-IN CAPITAL | 23,832,029 | -23,482,329 | 349,700 |
| 24 RETAINED EARNINGS - APPROPRIATED | | | |
| 25 RETAINED EARNINGS - UNAPPROPRIATED | -37,368,260 | 24,693,369 | -12,674,891 |
| 26 ADJUSTMENTS TO SHAREHOLDERS' EQUITY | | | |
| 27 LESS COST OF TREASURY STOCK | 700,000 | | 700,000 |
| 28 TOTAL LIABILITIES AND
SHAREHOLDERS' EQUITY | <u>3,490,187</u> | <u>-671,706</u> | <u>2,818,481</u> |

CONSOLIDATED REPORTS

1120 SCHEDULE L END OF TAX YEAR

| | PARENT CLIENT
ENERGY MERCHANT
CORP | SUBSIDIARY CLIENT
POWERINE OIL
COMPANY | SUBSIDIARY CLIENT
ANGLO PETROLEUM
CORPORATION | SUBSIDIARY CLIENT
CORPORATE
DEVELOPMENT INC | SUBSIDIARY CLIENT
ENERGY MERCHANT
HOLDING INC | SUBSIDIARY CLIENT
ENERGY MERCHANT
MANAGEMENT CO., LLC |
|---|--|--|---|---|---|---|
| | 13-3855623 | 95-4564080 | 95-4059009 | 13-3817433 | 13-4104912 | 13-4146881 |
| ASSETS | | | | | | |
| 1 CASH | 485,927 | | | | -1 | 465 |
| 2 A TRADE NOTES AND ACCOUNTS RECEIVABLE | | | | | | |
| 2 B LESS ALLOWANCE FOR BAD DEBTS | | | | | | |
| 3 INVENTORIES | | | | | | |
| 4 U.S. GOVERNMENT OBLIGATIONS | | | | | | |
| 5 TAX-EXEMPT SECURITIES | | | | | | |
| 6 OTHER CURRENT ASSETS | 2,426,276 | | | | | |
| 7 LOANS TO SHAREHOLDERS | | 881,745 | | | | |
| 8 MORTGAGE AND REAL ESTATE LOANS | | | | | | |
| 9 OTHER INVESTMENTS | 461,815 | | | | -1,285,573 | |
| 10 A BUILDINGS AND OTHER DEPRECIABLE ASSETS | 590,258 | | | | | |
| 10 B LESS ACCUMULATED DEPRECIATION | 301,496 | | | | | |
| 11 A DEPLETABLE ASSETS | | | | | | |
| 11 B LESS ACCUMULATED DEPLETION | | | | | | |
| 12 LAND (NET OF ANY AMORTIZATION) | | | | | | |
| 13 A INTANGIBLE ASSETS (AMORTIZABLE ONLY) | | | | | | |
| 13 B LESS ACCUMULATED AMORTIZATION | | | | | | |
| 14 OTHER ASSETS | 155,699 | | | | | |
| 15 TOTAL ASSETS | 3,818,479 | 881,745 | 0 | 0 | -1,285,574 | 465 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | |
| 16 ACCOUNTS PAYABLE | | 3,689,260 | | | | |
| 17 MORTGAGES, NOTES, AND BONDS
PAYABLE IN LESS THAN 1 YEAR | | | | | | |
| 18 OTHER CURRENT LIABILITIES | 968,987 | | | | | |
| 19 LOANS FROM SHAREHOLDERS | 230,000 | | | | | |
| 20 MORTGAGES, NOTES, AND BONDS
PAYABLE IN 1 YEAR OR MORE | | 8,487,170 | | | | |
| 21 OTHER LIABILITIES | | | | | | |
| 22 A CAPITAL STOCK - PREFERRED | | | | | | |
| 22 B CAPITAL STOCK - COMMON | 3,350,000 | 1 | | | 500 | 500 |
| 23 ADDITIONAL PAID-IN CAPITAL | 349,700 | 999,999 | | | 22,343,205 | 139,125 |
| 24 RETAINED EARNINGS - APPROPRIATED | | | | | | |
| 25 RETAINED EARNINGS - UNAPPROPRIATED | -380,208 | -12,294,685 | | | -23,629,279 | -139,160 |
| 26 ADJUSTMENTS TO SHAREHOLDERS' EQUITY | | | | | | |
| 27 LESS COST OF TREASURY STOCK | 700,000 | | | | | |
| 28 TOTAL LIABILITIES AND
SHAREHOLDERS' EQUITY | 3,818,479 | 881,745 | 0 | 0 | -1,285,574 | 465 |

CONSOLIDATED REPORTS
1120 SCHEDULE L END OF TAX YEARSUBSIDIARY CLIENT
EMC CAPITAL CORP51-0383350**ASSETS**

| | | |
|------|--|---------------|
| 1 | CASH | 1,385 |
| 2 A | TRADE NOTES AND ACCOUNTS RECEIVABLE | |
| 2 B | LESS ALLOWANCE FOR BAD DEBTS | |
| 3 | INVENTORIES | |
| 4 | U.S. GOVERNMENT OBLIGATIONS | |
| 5 | TAX-EXEMPT SECURITIES | |
| 6 | OTHER CURRENT ASSETS | |
| 7 | LOANS TO SHAREHOLDERS | |
| 8 | MORTGAGE AND REAL ESTATE LOANS | |
| 9 | OTHER INVESTMENTS | 73,687 |
| 10 A | BUILDINGS AND OTHER DEPRECIABLE ASSETS | |
| 10 B | LESS ACCUMULATED DEPRECIATION | |
| 11 A | DEPLETABLE ASSETS | |
| 11 B | LESS ACCUMULATED DEPLETION | |
| 12 | LAND (NET OF ANY AMORTIZATION) | |
| 13 A | INTANGIBLE ASSETS (AMORTIZABLE ONLY) | |
| 13 B | LESS ACCUMULATED AMORTIZATION | |
| 14 | OTHER ASSETS | |
| 15 | TOTAL ASSETS | <u>75,072</u> |

LIABILITIES AND SHAREHOLDERS' EQUITY

| | | |
|------|--|---------------|
| 16 | ACCOUNTS PAYABLE | |
| 17 | MORTGAGES, NOTES, AND BONDS
PAYABLE IN LESS THAN 1 YEAR | |
| 18 | OTHER CURRENT LIABILITIES | |
| 19 | LOANS FROM SHAREHOLDERS | |
| 20 | MORTGAGES, NOTES, AND BONDS
PAYABLE IN 1 YEAR OR MORE | |
| 21 | OTHER LIABILITIES | |
| 22 A | CAPITAL STOCK - PREFERRED | |
| 22 B | CAPITAL STOCK - COMMON | 1,000,000 |
| 23 | ADDITIONAL PAID-IN CAPITAL | |
| 24 | RETAINED EARNINGS - APPROPRIATED | |
| 25 | RETAINED EARNINGS - UNAPPROPRIATED | -924,928 |
| 26 | ADJUSTMENTS TO SHAREHOLDERS' EQUITY | |
| 27 | LESS COST OF TREASURY STOCK | |
| 28 | TOTAL LIABILITIES AND
SHAREHOLDERS' EQUITY | <u>75,072</u> |

12088001 ENERGY MERCHANT CORP
13-3855623
FYE: 12/31/2003

10/27/2004 10:13 AM

CONSOLIDATED REPORTS

1120 SCHEDULES M-1 AND M-2

| | COMBINED TOTALS | ADJUSTMENTS | CONSOLIDATED CLIENT
ENERGY MERCHANT
CORP
13-3855623 |
|---|-----------------|-------------|--|
| SCHEDULE M-1 | | | |
| 1 NET INCOME (LOSS) PER BOOKS | -30,540,346 | 11,896,326 | -18,644,020 |
| 2 FEDERAL INCOME TAX | 324,192 | | 324,192 |
| 3 EXCESS CAPITAL LOSSES OVER CAPITAL GAINS | 275,269 | -275,269 | |
| 4 INCOME SUBJECT TO TAX NOT RECORDED ON BOOKS | 26,224,538 | -26,224,538 | |
| 5 EXPENSES RECORDED ON BOOKS NOT
DEDUCTED ON THIS RETURN: | | | |
| 5 A DEPRECIATION | 48,149 | | 48,149 |
| 5 B CONTRIBUTIONS CARRYOVER | | | |
| 5 C TRAVEL AND ENTERTAINMENT | 82,672 | | 82,672 |
| OTHER | 23,480,153 | -13,917,521 | 9,562,632 |
| 6 TOTAL OF LINES 1 THROUGH 5 | 19,894,627 | -28,521,002 | -8,626,375 |
| 7 INCOME RECORDED ON BOOKS NOT
INCLUDED ON THIS RETURN: | | | |
| TAX EXEMPT INTEREST | | | |
| OTHER | 2,009,155 | -2,009,155 | |
| 8 DEDUCTIONS ON THIS RETURN NOT
CHARGED AGAINST BOOK INCOME: | | | |
| 8 A DEPRECIATION | | | |
| 8 B CONTRIBUTIONS CARRYOVER | | | |
| OTHER | | | |
| 9 TOTAL LINES 7 AND 8 | 2,009,155 | -2,009,155 | |
| 10 INCOME (LINE 28, PAGE 1)-LINE 6 LESS LINE 9 | 17,885,472 | -26,511,847 | -8,626,375 |
| SCHEDULE M-2 | | | |
| 1 BALANCE AT BEGINNING OF YEAR | 19,396,624 | -13,427,495 | 5,969,129 |
| 2 NET INCOME (LOSS) PER BOOKS | -30,540,346 | 11,896,326 | -18,644,020 |
| 3 OTHER INCREASES | | | |
| 4 TOTAL LINES 1 THROUGH 3 | -11,143,722 | -1,531,169 | -12,674,891 |
| 5 DISTRIBUTIONS: | | | |
| 5 A CASH | 26,224,538 | -26,224,538 | |
| 5 B STOCK | | | |
| 5 C PROPERTY | | | |
| 6 OTHER DECREASES | | | |
| 7 TOTAL LINES 5 AND 6 | 26,224,538 | -26,224,538 | |
| 8 BALANCE AT END OF YEAR | -37,368,260 | 24,693,369 | -12,674,891 |

CONSOLIDATED REPORTS 1120 SCHEDULES M-1 AND M-2

| | PARENT CLIENT
ENERGY MERCHANT
CORP | SUBSIDIARY CLIENT
POWERINE OIL
COMPANY | SUBSIDIARY CLIENT
ANGLO PETROLEUM
CORPORATION | SUBSIDIARY CLIENT
CORPORATE
DEVELOPMENT INC | SUBSIDIARY CLIENT
ENERGY MERCHANT
HOLDING INC | SUBSIDIARY CLIENT
ENERGY MERCHANT
MANAGEMENT CO., LLC |
|--|--|--|---|---|---|---|
| | 13-3855623 | 95-4564080 | 95-4059009 | 13-3817433 | 13-4104912 | 13-4146881 |
| SCHEDULE M-1 | | | | | | |
| 1 NET INCOME (LOSS) PER BOOKS | -18,644,022 | 0 | 0 | 0 | -13,917,523 | 12,044 |
| 2 FEDERAL INCOME TAX | 324,192 | | | | | |
| 3 EXCESS CAPITAL LOSSES OVER CAPITAL GAINS | 275,269 | | | | | |
| 4 INCOME SUBJECT TO TAX NOT RECORDED ON BOOKS | 13,112,269 | | | | 13,112,269 | |
| 5 EXPENSES RECORDED ON BOOKS NOT
DEDUCTED ON THIS RETURN: | | | | | | |
| 5 A DEPRECIATION | 48,149 | | | | | |
| 5 B CONTRIBUTIONS CARRYOVER | | | | | | |
| 5 C TRAVEL AND ENTERTAINMENT
OTHER | 82,672
13,917,521 | | | | 9,562,632 | |
| 6 TOTAL OF LINES 1 THROUGH 5 | 9,116,050 | | | | 8,757,378 | 12,044 |
| 7 INCOME RECORDED ON BOOKS NOT
INCLUDED ON THIS RETURN:
TAX EXEMPT INTEREST
OTHER | | | | | 2,009,155 | |
| 8 DEDUCTIONS ON THIS RETURN NOT
CHARGED AGAINST BOOK INCOME: | | | | | | |
| 8 A DEPRECIATION | | | | | | |
| 8 B CONTRIBUTIONS CARRYOVER
OTHER | | | | | | |
| 9 TOTAL LINES 7 AND 8 | | | | | 2,009,155 | |
| 10 INCOME (LINE 28, PAGE 1)-LINE 6 LESS LINE 9 | 9,116,050 | 0 | 0 | 0 | 6,748,223 | 12,044 |
| SCHEDULE M-2 | | | | | | |
| 1 BALANCE AT BEGINNING OF YEAR | 18,263,814 | -12,294,685 | 0 | 0 | 3,400,513 | -151,204 |
| 2 NET INCOME (LOSS) PER BOOKS | -18,644,022 | | | | -13,917,523 | 12,044 |
| 3 OTHER INCREASES | | | | | | |
| 4 TOTAL LINES 1 THROUGH 3 | -380,208 | -12,294,685 | | | -10,517,010 | -139,160 |
| 5 DISTRIBUTIONS: | | | | | | |
| 5 A CASH | | | | | 13,112,269 | |
| 5 B STOCK | | | | | | |
| 5 C PROPERTY | | | | | | |
| 6 OTHER DECREASES | | | | | | |
| 7 TOTAL LINES 5 AND 6 | | | | | 13,112,269 | |
| 8 BALANCE AT END OF YEAR | -380,208 | -12,294,685 | 0 | 0 | -23,629,279 | -139,160 |

CONSOLIDATED REPORTS
1120 SCHEDULES M-1 AND M-2SUBSIDIARY CLIENT
EMC CAPITAL CORP51-0383350

SCHEDULE M-1

| | | |
|-----|---|-----------|
| 1 | NET INCOME (LOSS) PER BOOKS | 2,009,155 |
| 2 | FEDERAL INCOME TAX | |
| 3 | EXCESS CAPITAL LOSSES OVER CAPITAL GAINS | |
| 4 | INCOME SUBJECT TO TAX NOT RECORDED ON BOOKS | |
| 5 | EXPENSES RECORDED ON BOOKS NOT
DEDUCTED ON THIS RETURN: | |
| 5 A | DEPRECIATION | |
| 5 B | CONTRIBUTIONS CARRYOVER | |
| 5 C | TRAVEL AND ENTERTAINMENT
OTHER | |
| 6 | TOTAL OF LINES 1 THROUGH 5 | 2,009,155 |
| 7 | INCOME RECORDED ON BOOKS NOT
INCLUDED ON THIS RETURN: | |
| | TAX EXEMPT INTEREST | |
| | OTHER | |
| 8 | DEDUCTIONS ON THIS RETURN NOT
CHARGED AGAINST BOOK INCOME: | |
| 8 A | DEPRECIATION | |
| 8 B | CONTRIBUTIONS CARRYOVER
OTHER | |
| 9 | TOTAL LINES 7 AND 8 | |
| 10 | INCOME (LINE 28, PAGE 1)-LINE 6 LESS LINE 9 | 2,009,155 |

SCHEDULE M-2

| | | |
|-----|------------------------------|------------|
| 1 | BALANCE AT BEGINNING OF YEAR | 10,178,186 |
| 2 | NET INCOME (LOSS) PER BOOKS | 2,009,155 |
| 3 | OTHER INCREASES | |
| 4 | TOTAL LINES 1 THROUGH 3 | 12,187,341 |
| 5 | DISTRIBUTIONS: | |
| 5 A | CASH | 13,112,269 |
| 5 B | STOCK | |
| 5 C | PROPERTY | |
| 6 | OTHER DECREASES | |
| 7 | TOTAL LINES 5 AND 6 | 13,112,269 |
| 8 | BALANCE AT END OF YEAR | -924,928 |

CONSOLIDATED REPORTS SCHEDULE D

FYE: 12/31/2003

| | COMBINED TOTALS | ADJUSTMENTS | CONSOLIDATED CLIENT
ENERGY MERCHANT
CORP
13-3855623 |
|---|-----------------|-------------|--|
| SHORT-TERM CAPITAL GAINS AND LOSSES | | | |
| 1 SHORT-TERM CAPITAL GAIN OR (LOSS) | 800,184 | | 800,184 |
| 2 GAIN FROM INSTALLMENT SALES | | | |
| 3 GAIN OR (LOSS) FROM FORM 8824 | | | |
| 4 UNUSED CAPITAL LOSS CARRYOVER | | | |
| 5 NET SHORT-TERM CAPITAL GAIN OR (LOSS) | 800,184 | | 800,184 |
| LONG-TERM CAPITAL GAINS AND LOSSES | | | |
| 6 LONG-TERM CAPITAL GAIN OR (LOSS) | 2,711,985 | | 2,711,985 |
| 7 GAIN FROM FORM 4797, PART I | | | |
| 8 GAIN FROM INSTALLMENT SALES | | | |
| 9 GAIN OR (LOSS) FROM FORM 8824 | | | |
| 10 CAPITAL GAIN DISTRIBUTIONS | | | |
| 11 NET LONG-TERM CAPITAL GAIN OR (LOSS) | 2,711,985 | | 2,711,985 |
| PART III - SUMMARY | | | |
| 12 SHORT-TERM GAIN OVER LONG-TERM LOSS | 810,292 | -10,108 | 800,184 |
| 13 LONG-TERM GAIN OVER SHORT-TERM LOSS | 2,977,146 | -265,161 | 2,711,985 |
| 14 NET CAPITAL GAINS | 3,787,438 | -275,269 | 3,512,169 |

CONSOLIDATED REPORTS

SCHEDULE D

| | PARENT CLIENT
ENERGY MERCHANT
CORP | SUBSIDIARY CLIENT
POWERINE OIL
COMPANY | SUBSIDIARY CLIENT
ANGLO PETROLEUM
CORPORATION | SUBSIDIARY CLIENT
CORPORATE
DEVELOPMENT INC | SUBSIDIARY CLIENT
ENERGY MERCHANT
HOLDING INC | SUBSIDIARY CLIENT
ENERGY MERCHANT
MANAGEMENT CO., LLC |
|---|--|--|---|---|---|---|
| | 13-3855623 | 95-4564080 | 95-4059009 | 13-3817433 | 13-4104912 | 13-4146881 |
| SHORT-TERM CAPITAL GAINS AND LOSSES | | | | | | |
| 1 SHORT-TERM CAPITAL GAIN OR (LOSS) | -10,108 | | | | | |
| 2 GAIN FROM INSTALLMENT SALES | | | | | | |
| 3 GAIN OR (LOSS) FROM FORM 8824 | | | | | | |
| 4 UNUSED CAPITAL LOSS CARRYOVER | | | | | | |
| 5 NET SHORT-TERM CAPITAL GAIN OR (LOSS) | -10,108 | | | | | |
| LONG-TERM CAPITAL GAINS AND LOSSES | | | | | | |
| 6 LONG-TERM CAPITAL GAIN OR (LOSS) | -265,161 | | | | 1,770,733 | |
| 7 GAIN FROM FORM 4797, PART I | | | | | | |
| 8 GAIN FROM INSTALLMENT SALES | | | | | | |
| 9 GAIN OR (LOSS) FROM FORM 8824 | | | | | | |
| 10 CAPITAL GAIN DISTRIBUTIONS | | | | | | |
| 11 NET LONG-TERM CAPITAL GAIN OR (LOSS) | -265,161 | | | | 1,770,733 | |
| PART III - SUMMARY | | | | | | |
| 12 SHORT-TERM GAIN OVER LONG-TERM LOSS | | | | | | |
| 13 LONG-TERM GAIN OVER SHORT-TERM LOSS | | | | | 1,770,733 | |
| 14 NET CAPITAL GAINS | | | | | 1,770,733 | |

CONSOLIDATED REPORTS

SCHEDULE D

SUBSIDIARY CLIENT
EMC CAPITAL CORP51-0383350

SHORT-TERM CAPITAL GAINS AND LOSSES

| | | |
|---|---------------------------------------|----------------|
| 1 | SHORT-TERM CAPITAL GAIN OR (LOSS) | 810,292 |
| 2 | GAIN FROM INSTALLMENT SALES | |
| 3 | GAIN OR (LOSS) FROM FORM 8824 | |
| 4 | UNUSED CAPITAL LOSS CARRYOVER | |
| 5 | NET SHORT-TERM CAPITAL GAIN OR (LOSS) | <u>810,292</u> |

LONG-TERM CAPITAL GAINS AND LOSSES

| | | |
|----|--------------------------------------|------------------|
| 6 | LONG-TERM CAPITAL GAIN OR (LOSS) | 1,206,413 |
| 7 | GAIN FROM FORM 4797, PART I | |
| 8 | GAIN FROM INSTALLMENT SALES | |
| 9 | GAIN OR (LOSS) FROM FORM 8824 | |
| 10 | CAPITAL GAIN DISTRIBUTIONS | |
| 11 | NET LONG-TERM CAPITAL GAIN OR (LOSS) | <u>1,206,413</u> |

PART III - SUMMARY

| | | |
|----|-------------------------------------|-------------------------|
| 12 | SHORT-TERM GAIN OVER LONG-TERM LOSS | 810,292 |
| 13 | LONG-TERM GAIN OVER SHORT-TERM LOSS | <u>1,206,413</u> |
| 14 | NET CAPITAL GAINS | <u><u>2,016,705</u></u> |

12088001 ENERGY MERCHANT CORP
13-3855623
FYE: 12/31/2003

10/27/2004 10:13 AM

CONSOLIDATED REPORTS
FORM 4562

| | COMBINED TOTALS | ADJUSTMENTS | CONSOLIDATED CLIENT
ENERGY MERCHANT
CORP
13-3855623 |
|--|-----------------|-------------|--|
| PART I - SECTION 179 | | | |
| 2 TOTAL COST OF SECTION 179
PROPERTY PLACED IN SERVICE | | | |
| 6 NONLISTED PROPERTY | | | |
| 7 LISTED PROPERTY | | | |
| 8 TOTAL ELECTED COST | | | |
| 9 TENTATIVE DEDUCTION | | | |
| 10 CARRYOVER OF DISALLOWED
DEDUCTION FROM PRIOR YEAR | | | |
| 12 SECTION 179 EXPENSE DEDUCTION | | | |
| 13 CARRYOVER OF DISALLOWED
DEDUCTION TO NEXT YEAR | | | |
| PART II - SPECIAL DEPRECIATION ALLOWANCE
AND OTHER DEPRECIATION | | | |
| 14 SPECIAL DEPRECIATION ALLOWANCE | | | |
| 15 PROPERTY SUBJECT TO 168(F)(1) | | | |
| 16 OTHER DEPRECIATION (INCLUDING ACRS) | | | |
| PART III - MACRS DEPRECIATION | | | |
| 17 MACRS DEDUCTIONS FOR ASSETS PLACED
IN SERVICE BEFORE CURRENT YEAR | 41,620 | | 41,620 |
| GENERAL DEPRECIATION SYSTEM (GDS) | | | |
| 19 A 3-YEAR PROPERTY | | | |
| 19 B 5-YEAR PROPERTY | | | |
| 19 C 7-YEAR PROPERTY | | | |
| 19 D 10-YEAR PROPERTY | | | |
| 19 E 15-YEAR PROPERTY | | | |
| 19 F 20-YEAR PROPERTY | | | |
| 19 G 25-YEAR PROPERTY | | | |
| 19 H 27.5-YEAR RESIDENTIAL RENTAL PROPERTY | | | |
| 19 I NONRESIDENTIAL REAL PROPERTY | | | |
| ALTERNATIVE DEPRECIATION SYSTEM (ADS) | | | |
| 20 A CLASS LIFE | | | |
| 20 B 12-YEAR | | | |
| 20 C 40-YEAR | | | |
| PART IV - SUMMARY | | | |
| 21 LISTED PROPERTY | | | |
| 22 TOTAL DEPRECIATION | 41,620 | | 41,620 |
| 23 PORTION OF BASIS ATTRIBUTABLE
TO 263A COSTS | | | |
| 42 AMORTIZATION - CURRENT YEAR | | | |
| 43 AMORTIZATION - PRIOR YEARS | | | |
| 44 TOTAL AMORTIZATION | | | |

12088001 ENERGY MERCHANT CORP
13-3855623
FYE: 12/31/2003

CONSOLIDATED REPORTS
FORM 4562

10/27/2004 10:13 AM

| | PARENT CLIENT
ENERGY MERCHANT
CORP | SUBSIDIARY CLIENT
POWERINE OIL
COMPANY | SUBSIDIARY CLIENT
ANGLO PETROLEUM
CORPORATION | SUBSIDIARY CLIENT
CORPORATE
DEVELOPMENT INC | SUBSIDIARY CLIENT
ENERGY MERCHANT
HOLDING INC | SUBSIDIARY CLIENT
ENERGY MERCHANT
MANAGEMENT CO., LLC |
|--|--|--|---|---|---|---|
| | 13-3855623 | 95-4564080 | 95-4059009 | 13-3817433 | 13-4104912 | 13-4146881 |
| PART I - SECTION 179 | | | | | | |
| 2 | TOTAL COST OF SECTION 179 | | | | | |
| | PROPERTY PLACED IN SERVICE | | | | | |
| 6 | NONLISTED PROPERTY | | | | | |
| 7 | LISTED PROPERTY | | | | | |
| 8 | TOTAL ELECTED COST | | | | | |
| 9 | TENTATIVE DEDUCTION | | | | | |
| 10 | CARRYOVER OF DISALLOWED | | | | | |
| | DEDUCTION FROM PRIOR YEAR | | | | | |
| 12 | SECTION 179 EXPENSE DEDUCTION | | | | | |
| 13 | CARRYOVER OF DISALLOWED | | | | | |
| | DEDUCTION TO NEXT YEAR | | | | | |
| PART II - SPECIAL DEPRECIATION ALLOWANCE | | | | | | |
| AND OTHER DEPRECIATION | | | | | | |
| 14 | SPECIAL DEPRECIATION ALLOWANCE | | | | | |
| 15 | PROPERTY SUBJECT TO 168(F) (1) | | | | | |
| 16 | OTHER DEPRECIATION (INCLUDING ACRS) | | | | | |
| PART III - MACRS DEPRECIATION | | | | | | |
| 17 | MACRS DEDUCTIONS FOR ASSETS PLACED | | | | | |
| | IN SERVICE BEFORE CURRENT YEAR | | | | | |
| | | 41,620 | | | | |
| GENERAL DEPRECIATION SYSTEM (GDS) | | | | | | |
| 19 A | 3-YEAR PROPERTY | | | | | |
| 19 B | 5-YEAR PROPERTY | | | | | |
| 19 C | 7-YEAR PROPERTY | | | | | |
| 19 D | 10-YEAR PROPERTY | | | | | |
| 19 E | 15-YEAR PROPERTY | | | | | |
| 19 F | 20-YEAR PROPERTY | | | | | |
| 19 G | 25-YEAR PROPERTY | | | | | |
| 19 H | 27.5-YEAR RESIDENTIAL RENTAL PROPERTY | | | | | |
| 19 I | NONRESIDENTIAL REAL PROPERTY | | | | | |
| ALTERNATIVE DEPRECIATION SYSTEM (ADS) | | | | | | |
| 20 A | CLASS LIFE | | | | | |
| 20 B | 12-YEAR | | | | | |
| 20 C | 40-YEAR | | | | | |
| PART IV - SUMMARY | | | | | | |
| 21 | LISTED PROPERTY | | | | | |
| 22 | TOTAL DEPRECIATION | | | | | |
| | | 41,620 | | | | |
| 23 | PORTION OF BASIS ATTRIBUTABLE | | | | | |
| | TO 263A COSTS | | | | | |
| 42 | AMORTIZATION - CURRENT YEAR | | | | | |
| 43 | AMORTIZATION - PRIOR YEARS | | | | | |
| 44 | TOTAL AMORTIZATION | | | | | |

CONSOLIDATED REPORTS

FORM 4562

SUBSIDIARY CLIENT
EMC CAPITAL CORP51-0383350

PART I - SECTION 179

2 TOTAL COST OF SECTION 179
PROPERTY PLACED IN SERVICE
6 NONLISTED PROPERTY
7 LISTED PROPERTY
8 TOTAL ELECTED COST
9 TENTATIVE DEDUCTION
10 CARRYOVER OF DISALLOWED
DEDUCTION FROM PRIOR YEAR
12 SECTION 179 EXPENSE DEDUCTION
13 CARRYOVER OF DISALLOWED
DEDUCTION TO NEXT YEAR

PART II - SPECIAL DEPRECIATION ALLOWANCE
AND OTHER DEPRECIATION

14 SPECIAL DEPRECIATION ALLOWANCE
15 PROPERTY SUBJECT TO 168(F)(1)
16 OTHER DEPRECIATION (INCLUDING ACRS)

PART III - MACRS DEPRECIATION

17 MACRS DEDUCTIONS FOR ASSETS PLACED
IN SERVICE BEFORE CURRENT YEAR

GENERAL DEPRECIATION SYSTEM (GDS)

19 A 3-YEAR PROPERTY
19 B 5-YEAR PROPERTY
19 C 7-YEAR PROPERTY
19 D 10-YEAR PROPERTY
19 E 15-YEAR PROPERTY
19 F 20-YEAR PROPERTY
19 G 25-YEAR PROPERTY
19 H 27.5-YEAR RESIDENTIAL RENTAL PROPERTY
19 I NONRESIDENTIAL REAL PROPERTY

ALTERNATIVE DEPRECIATION SYSTEM (ADS)

20 A CLASS LIFE
20 B 12-YEAR
20 C 40-YEAR

PART IV - SUMMARY

21 LISTED PROPERTY
22 TOTAL DEPRECIATION
23 PORTION OF BASIS ATTRIBUTABLE
TO 263A COSTS
42 AMORTIZATION - CURRENT YEAR
43 AMORTIZATION - PRIOR YEARS
44 TOTAL AMORTIZATION

CONSOLIDATED REPORTS

4626 - AMT

| | COMBINED TOTALS | ADJUSTMENTS | CONSOLIDATED CLIENT
ENERGY MERCHANT
CORP
13-3855623 |
|---|-----------------|-------------|--|
| 1 TAXABLE INCOME/(LOSS) BEFORE NOL DEDUCTION | -8,351,110 | -275,265 | -8,626,375 |
| ADJUSTMENTS AND PREFERENCES | | | |
| 2 A DEPRECIATION OF POST-1986 PROPERTY | 3,917 | | 3,917 |
| 2 B AMORTIZATION OF CERTIFIED POLLUTION
CONTROL FACILITIES | | | |
| 2 C AMORTIZATION OF MINING EXPLORATION
AND DEVELOPMENT COSTS | | | |
| 2 D AMORTIZATION OF CIRCULATION EXPENDITURES | | | |
| 2 E ADJUSTED GAIN OR LOSS | | | |
| 2 F LONG-TERM CONTRACTS | | | |
| 2 G MERCHANT MARINE CAPITAL CONSTRUCTION FUNDS | | | |
| 2 H SEC 833(B) DEDUCTION | | | |
| 2 I TAX SHELTER FARM ACTIVITIES | | | |
| 2 J PASSIVE ACTIVITIES | | | |
| 2 K LOSS LIMITATIONS | | | |
| 2 L DEPLETION | | | |
| 2 M TAX-EXEMPT INTEREST FROM
PRIVATE ACTIVITY BONDS | | | |
| 2 N INTANGIBLE DRILLING COSTS | | | |
| 2 O OTHER ADJUSTMENTS | | | |
| 3 PREADJUSTMENT AMTI | -8,347,193 | -275,265 | -8,622,458 |
| ADJUSTED CURRENT EARNINGS (ACE) ADJUSTMENT | | | |
| 4 A ACE FROM LINE 10 OF WORKSHEET | -8,347,193 | -275,265 | -8,622,458 |
| 4 B LINE 4A LESS LINE 3 | | | |
| 4 C LINE 4B MULTIPLIED BY 75% | | | |
| 4 D INCREASE IN AMTI FROM PRIOR
YEARS' ACE ADJUSTMENTS | | | |
| 4 E ACE ADJUSTMENT | | | |
| 5 TOTAL LINES 3 AND 4E | -8,347,193 | -275,265 | -8,622,458 |
| 6 AMT NOL DEDUCTION | 10,840 | -10,840 | |
| 7 ALTERNATIVE MINIMUM TAXABLE INCOME | -8,358,033 | -264,425 | -8,622,458 |

CONSOLIDATED REPORTS

4626 - AMT

| | PARENT CLIENT
ENERGY MERCHANT
CORP | SUBSIDIARY CLIENT
POWERINE OIL
COMPANY | SUBSIDIARY CLIENT
ANGLO PETROLEUM
CORPORATION | SUBSIDIARY CLIENT
CORPORATE
DEVELOPMENT INC | SUBSIDIARY CLIENT
ENERGY MERCHANT
HOLDING INC | SUBSIDIARY CLIENT
ENERGY MERCHANT
MANAGEMENT CO., LLC |
|---|--|--|---|---|---|---|
| | 13-3855623 | 95-4564080 | 95-4059009 | 13-3817433 | 13-4104912 | 13-4146881 |
| 1 TAXABLE INCOME/(LOSS) BEFORE NOL DEDUCTION | -3,996,219 | 0 | 0 | 0 | -6,364,046 | 12,044 |
| ADJUSTMENTS AND PREFERENCES | | | | | | |
| 2 A DEPRECIATION OF POST-1986 PROPERTY | -14,055 | | | | 17,972 | |
| 2 B AMORTIZATION OF CERTIFIED POLLUTION
CONTROL FACILITIES | | | | | | |
| 2 C AMORTIZATION OF MINING EXPLORATION
AND DEVELOPMENT COSTS | | | | | | |
| 2 D AMORTIZATION OF CIRCULATION EXPENDITURES | | | | | | |
| 2 E ADJUSTED GAIN OR LOSS | | | | | | |
| 2 F LONG-TERM CONTRACTS | | | | | | |
| 2 G MERCHANT MARINE CAPITAL CONSTRUCTION FUNDS | | | | | | |
| 2 H SEC 833(B) DEDUCTION | | | | | | |
| 2 I TAX SHELTER FARM ACTIVITIES | | | | | | |
| 2 J PASSIVE ACTIVITIES | | | | | | |
| 2 K LOSS LIMITATIONS | | | | | | |
| 2 L DEPLETION | | | | | | |
| 2 M TAX-EXEMPT INTEREST FROM
PRIVATE ACTIVITY BONDS | | | | | | |
| 2 N INTANGIBLE DRILLING COSTS | | | | | | |
| 2 O OTHER ADJUSTMENTS | | | | | | |
| 3 PREADJUSTMENT AMTI | -4,010,274 | | | | -6,346,074 | 12,044 |
| ADJUSTED CURRENT EARNINGS (ACE) ADJUSTMENT | | | | | | |
| 4 A ACE FROM LINE 10 OF WORKSHEET | -4,010,274 | | | | -6,346,074 | 12,044 |
| 4 B LINE 4A LESS LINE 3 | | | | | | |
| 4 C LINE 4B MULTIPLIED BY 75% | | | | | | |
| 4 D INCREASE IN AMTI FROM PRIOR
YEARS' ACE ADJUSTMENTS | | | | | | |
| 4 E ACE ADJUSTMENT | | | | | | |
| 5 TOTAL LINES 3 AND 4E | -4,010,274 | | | | -6,346,074 | 12,044 |
| 6 AMT NOL DEDUCTION | | | | | | 10,840 |
| 7 ALTERNATIVE MINIMUM TAXABLE INCOME | -4,010,274 | 0 | 0 | 0 | -6,346,074 | 1,204 |

CONSOLIDATED REPORTS

4626 - AMT

SUBSIDIARY CLIENT
EMC CAPITAL CORP51-0383350

| | | |
|--|--|------------------|
| 1 | TAXABLE INCOME/(LOSS) BEFORE NOL DEDUCTION | 1,997,111 |
| ADJUSTMENTS AND PREFERENCES | | |
| 2 A | DEPRECIATION OF POST-1986 PROPERTY | |
| 2 B | AMORTIZATION OF CERTIFIED POLLUTION
CONTROL FACILITIES | |
| 2 C | AMORTIZATION OF MINING EXPLORATION
AND DEVELOPMENT COSTS. | |
| 2 D | AMORTIZATION OF CIRCULATION EXPENDITURES | |
| 2 E | ADJUSTED GAIN OR LOSS | |
| 2 F | LONG-TERM CONTRACTS | |
| 2 G | MERCHANT MARINE CAPITAL CONSTRUCTION FUNDS | |
| 2 H | SEC 833(B) DEDUCTION | |
| 2 I | TAX SHELTER FARM ACTIVITIES | |
| 2 J | PASSIVE ACTIVITIES | |
| 2 K | LOSS LIMITATIONS | |
| 2 L | DEPLETION | |
| 2 M | TAX-EXEMPT INTEREST FROM
PRIVATE ACTIVITY BONDS | |
| 2 N | INTANGIBLE DRILLING COSTS | |
| 2 O | OTHER ADJUSTMENTS | |
| 3 | PREADJUSTMENT AMTI | <u>1,997,111</u> |
| ADJUSTED CURRENT EARNINGS (ACE) ADJUSTMENT | | |
| 4 A | ACE FROM LINE 10 OF WORKSHEET | 1,997,111 |
| 4 B | LINE 4A LESS LINE 3 | |
| 4 C | LINE 4B MULTIPLIED BY 75% | |
| 4 D | INCREASE IN AMTI FROM PRIOR
YEARS' ACE ADJUSTMENTS | |
| 4 E | ACE ADJUSTMENT | |
| 5 | TOTAL LINES 3 AND 4E | <u>1,997,111</u> |
| 6 | AMT NOL DEDUCTION | |
| 7 | ALTERNATIVE MINIMUM TAXABLE INCOME | <u>1,997,111</u> |

CONSOLIDATED REPORTS

4626 ACE WORKSHEET

| | COMBINED TOTALS | ADJUSTMENTS | CONSOLIDATED CLIENT
ENERGY MERCHANT
CORP
13-3855623 |
|--|-----------------|-------------|--|
| 1 PREADJUSTMENT AMTI | -8,347,193 | -275,265 | -8,622,458 |
| ACE DEPRECIATION ADJUSTMENT | | | |
| 2 A AMT DEPRECIATION | 55,675 | | 55,675 |
| 2 B ACE DEPRECIATION: | | | |
| 2 B (1) POST-1993 PROPERTY | 55,675 | | 55,675 |
| 2 B (2) POST-1989, PRE-1994 PROPERTY | | | |
| 2 B (3) PRE-1990 MACRS PROPERTY | | | |
| 2 B (4) PRE-1990 ORIGINAL ACRS PROPERTY | | | |
| 2 B (5) SECTION 168(F)(1) THROUGH (4) | | | |
| 2 B (6) OTHER PROPERTY | | | |
| 2 B (7) TOTAL ACE DEPRECIATION | 55,675 | | 55,675 |
| 2 C ACE DEPRECIATION ADJUSTMENT | | | |
| ITEMS INCLUDED IN EARNINGS AND PROFITS (E&P) | | | |
| 3 A TAX-EXEMPT INTEREST INCOME | | | |
| 3 B LIFE INSURANCE DEATH BENEFITS | | | |
| 3 C OTHER LIFE INSURANCE DISTRIBUTIONS | | | |
| 3 D INSIDE BUILDUP OF UNDISTRIBUTED INCOME | | | |
| 3 E OTHER ITEMS | | | |
| 3 F TOTAL INCREASE DUE TO E&P ITEMS | | | |
| DISALLOWANCE OF ITEMS NOT DEDUCTIBLE FROM E&P | | | |
| 4 A CERTAIN DIVIDENDS RECEIVED | | | |
| 4 B PUBLIC UTILITY DIVIDENDS | | | |
| 4 C DIVIDENDS PAID TO AN ESOP | | | |
| 4 D NONPATRONAGE DIVIDENDS | | | |
| 4 E OTHER ITEMS | | | |
| 4 F TOT DUE TO DISALLOW OF NONDEDUCT E&P ITEMS | | | |
| OTHER E&P ADJUSTMENTS BASED ON E&P RULES | | | |
| 5 A INTANGIBLE DRILLING COSTS | | | |
| 5 B CIRCULATION EXPENDITURES | | | |
| 5 C ORGANIZATIONAL EXPENDITURES | | | |
| 5 D LIFO INVENTORY ADJUSTMENTS | | | |
| 5 E INSTALLMENT SALES | | | |
| 5 F TOTAL OTHER E&P ADJUSTMENTS | | | |
| 6 LOSS DISALLOWANCE ON EXCHANGE OF DEBT POOLS | | | |
| 7 ACQUISITION EXPENSES-LIFE INSURANCE CO | | | |
| 8 DEPLETION | | | |
| 9 BASIS ADJUSTMENT FROM SALE OF PROPERTY | | | |
| 10 ADJUSTED CURRENT EARNINGS | -8,347,193 | -275,265 | -8,622,458 |

CONSOLIDATED REPORTS 4626 ACE WORKSHEET

| | PARENT CLIENT
ENERGY MERCHANT
CORP | SUBSIDIARY CLIENT
POWERINE OIL
COMPANY | SUBSIDIARY CLIENT
ANGLO PETROLEUM
CORPORATION | SUBSIDIARY CLIENT
CORPORATE
DEVELOPMENT INC | SUBSIDIARY CLIENT
ENERGY MERCHANT
HOLDING INC | SUBSIDIARY CLIENT
ENERGY MERCHANT
MANAGEMENT CO., LLC |
|--|--|--|---|---|---|---|
| | 13-3855623 | 95-4564080 | 95-4059009 | 13-3817433 | 13-4104912 | 13-4146881 |
| 1 PREADJUSTMENT AMTI | -4,010,274 | | | | -6,346,074 | 12,044 |
| ACE DEPRECIATION ADJUSTMENT | | | | | | |
| 2 A AMT DEPRECIATION | 55,675 | | | | | |
| 2 B ACE DEPRECIATION: | | | | | | |
| 2 B (1) POST-1993 PROPERTY | 55,675 | | | | | |
| 2 B (2) POST-1989, PRE-1994 PROPERTY | | | | | | |
| 2 B (3) PRE-1990 MACRS PROPERTY | | | | | | |
| 2 B (4) PRE-1990 ORIGINAL ACRS PROPERTY | | | | | | |
| 2 B (5) SECTION 168(F)(1) THROUGH (4) | | | | | | |
| 2 B (6) OTHER PROPERTY | | | | | | |
| 2 B (7) TOTAL ACE DEPRECIATION | 55,675 | | | | | |
| 2 C ACE DEPRECIATION ADJUSTMENT | | | | | | |
| ITEMS INCLUDED IN EARNINGS AND PROFITS (E&P) | | | | | | |
| 3 A TAX-EXEMPT INTEREST INCOME | | | | | | |
| 3 B LIFE INSURANCE DEATH BENEFITS | | | | | | |
| 3 C OTHER LIFE INSURANCE DISTRIBUTIONS | | | | | | |
| 3 D INSIDE BUILDUP OF UNDISTRIBUTED INCOME | | | | | | |
| 3 E OTHER ITEMS | | | | | | |
| 3 F TOTAL INCREASE DUE TO E&P ITEMS | | | | | | |
| DISALLOWANCE OF ITEMS NOT DEDUCTIBLE FROM E&P | | | | | | |
| 4 A CERTAIN DIVIDENDS RECEIVED | | | | | | |
| 4 B PUBLIC UTILITY DIVIDENDS | | | | | | |
| 4 C DIVIDENDS PAID TO AN ESOP | | | | | | |
| 4 D NONPATRONAGE DIVIDENDS | | | | | | |
| 4 E OTHER ITEMS | | | | | | |
| 4 F TOT DUE TO DISALLOW OF NONDEDUCT E&P ITEMS | | | | | | |
| OTHER E&P ADJUSTMENTS BASED ON E&P RULES | | | | | | |
| 5 A INTANGIBLE DRILLING COSTS | | | | | | |
| 5 B CIRCULATION EXPENDITURES | | | | | | |
| 5 C ORGANIZATIONAL EXPENDITURES | | | | | | |
| 5 D LIFO INVENTORY ADJUSTMENTS | | | | | | |
| 5 E INSTALLMENT SALES | | | | | | |
| 5 F TOTAL OTHER E&P ADJUSTMENTS | | | | | | |
| 6 LOSS DISALLOWANCE ON EXCHANGE OF DEBT POOLS | | | | | | |
| 7 ACQUISITION EXPENSES-LIFE INSURANCE CO | | | | | | |
| 8 DEPLETION | | | | | | |
| 9 BASIS ADJUSTMENT FROM SALE OF PROPERTY | | | | | | |
| 10 ADJUSTED CURRENT EARNINGS | -4,010,274 | | | | -6,346,074 | 12,044 |

CONSOLIDATED REPORTS

4626 ACE WORKSHEET

SUBSIDIARY CLIENT
EMC CAPITAL CORP51-03833501,997,111

1 PREADJUSTMENT AMTI

ACE DEPRECIATION ADJUSTMENT

2 A AMT DEPRECIATION

2 B ACE DEPRECIATION:

2 B (1) POST-1993 PROPERTY

2 B (2) POST-1989, PRE-1994 PROPERTY

2 B (3) PRE-1990 MACRS PROPERTY

2 B (4) PRE-1990 ORIGINAL ACRS PROPERTY

2 B (5) SECTION 168(F) (1) THROUGH (4)

2 B (6) OTHER PROPERTY

2 B (7) TOTAL ACE DEPRECIATION

2 C ACE DEPRECIATION ADJUSTMENT

ITEMS INCLUDED IN EARNINGS AND PROFITS (E&P)

3 A TAX-EXEMPT INTEREST INCOME

3 B LIFE INSURANCE DEATH BENEFITS

3 C OTHER LIFE INSURANCE DISTRIBUTIONS

3 D INSIDE BUILDUP OF UNDISTRIBUTED INCOME

3 E OTHER ITEMS

3 F TOTAL INCREASE DUE TO E&P ITEMS

DISALLOWANCE OF ITEMS NOT DEDUCTIBLE FROM E&P

4 A CERTAIN DIVIDENDS RECEIVED

4 B PUBLIC UTILITY DIVIDENDS

4 C DIVIDENDS PAID TO AN ESOP

4 D NONPATRONAGE DIVIDENDS

4 E OTHER ITEMS

4 F TOT DUE TO DISALLOW OF NONDEDUCT E&P ITEMS

OTHER E&P ADJUSTMENTS BASED ON E&P RULES

5 A INTANGIBLE DRILLING COSTS

5 B CIRCULATION EXPENDITURES

5 C ORGANIZATIONAL EXPENDITURES

5 D LIFO INVENTORY ADJUSTMENTS

5 E INSTALLMENT SALES

5 F TOTAL OTHER E&P ADJUSTMENTS

6 LOSS DISALLOWANCE ON EXCHANGE OF DEBT POOLS

7 ACQUISITION EXPENSES-LIFE INSURANCE CO

8 DEPLETION

9 BASIS ADJUSTMENT FROM SALE OF PROPERTY

10 ADJUSTED CURRENT EARNINGS

1,997,111

U.S. Corporation Income Tax Return
For calendar year 2002 or tax year

OMB No. 1545-0123

2002

beginning _____, ending _____

A Check if a:

- 1 Consolidated return (attach Form 851) ☒ **X**
2 Personal holding co. (attach Sch. PH) ☐
3 Personal service corp. (as defined in Regs. sec. 1.441-3(c)) ☐

Use IRS label. Otherwise, print or type.

Name **ENERGY MERCHANT CORP AND SUBSIDIARIES**

Number, street, and room or suite no. (If a P.O. box, see page 7 of instructions.)
126 EAST 56TH STREET, 33 FLOOR

City or town, state, and ZIP code
NEW YORK, NY 10022

B Employer identification number

13-3855623

C Date incorporated

06/15/1995

D Total assets (see page 8 of instructions)

E Check applicable boxes: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Name change (4) ☐ Address change

\$ 22,276,486.

| | | | | | | | | | |
|---|---|---|---------|-------------------------------|--|----|-------------|-------------|--|
| Income | 1 a Gross receipts or sales | | | b Less returns and allowances | | | c Bal | 1c | |
| | 2 Cost of goods sold (Schedule A, line 8) | | | | | | 2 | | |
| | 3 Gross profit. Subtract line 2 from line 1c | | | | | | 3 | | |
| | 4 Dividends (Schedule C, line 19) | | | | | | 4 | | |
| | 5 Interest | | | | | | 5 | 468,984. | |
| | 6 Gross rents | | | | | | 6 | | |
| | 7 Gross royalties | | | | | | 7 | | |
| | 8 Capital gain net income (attach Schedule D (Form 1120)) | | | | | | 8 | | |
| | 9 Net gain or (loss) from Form 4797, Part II, line 18 (attach Form 4797) | | | | | | 9 | 2,113. | |
| | 10 Other income (attach schedule) | SEE CONSOLIDATED INCOME AND DEDUCTIONS | | | | | 10 | 541,545. | |
| | 11 Total income. Add lines 3 through 10 | | | | | | 11 | 1,012,642. | |
| Deductions | 12 Compensation of officers (Schedule E, line 4) | | | | | | 12 | 1,226,000. | |
| | 13 Salaries and wages (less employment credits) | | | | | | 13 | 755,929. | |
| | 14 Repairs and maintenance | | | | | | 14 | 13,543. | |
| | 15 Bad debts | | | | | | 15 | | |
| | 16 Rents | | | | | | 16 | 364,967. | |
| | 17 Taxes and licenses | | | | | | 17 | 153,219. | |
| | 18 Interest | | | | | | 18 | 35,383. | |
| | 19 Charitable contributions | | | | | | 19 | | |
| | 20 Depreciation (attach Form 4562) | 20 | 64,515. | | | | | | |
| | 21 Less depreciation claimed on Schedule A and elsewhere on return | 21a | | | | | 21b | 64,515. | |
| | 22 Depletion | | | | | | 22 | | |
| | 23 Advertising | | | | | | 23 | | |
| | 24 Pension, profit-sharing, etc., plans | | | | | | 24 | | |
| | 25 Employee benefit programs | | | | | | 25 | 271,660. | |
| | 26 Other deductions (attach schedule) | SEE CONSOLIDATED INCOME AND DEDUCTIONS | | | | | 26 | 4,334,367. | |
| | 27 Total deductions. Add lines 12 through 26 | | | | | | 27 | 7,219,583. | |
| | 28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11 | | | | | | 28 | -6,206,941. | |
| 29 Less: a Net operating loss (NOL) deduction | 29a | 0. | | | | | | | |
| | b Special deductions (Schedule C, line 20) | 29b | | | | | 29c | | |
| 30 Taxable income. Subtract line 29c from line 28 | | | | | | 30 | -6,206,941. | | |
| 31 Total tax (Schedule J, line 11) | | | | | | 31 | 0. | | |
| Tax and Payments | 32 Payments: a 2001 overpayment credited to 2002 | 32a | | | | | | | |
| | b 2002 estimated tax payments | 32b | | | | | | | |
| | c Less 2002 refund applied for on Form 4466 | 32c | | | | | | | |
| | d Bal | 32d | | | | | | | |
| | e Tax deposited with Form 7004 | 32e | | | | | | | |
| | f Credit for tax paid on undistributed capital gains (attach Form 2439) | 32f | | | | | | | |
| | g Credit for Federal tax on fuels (attach Form 4136). See instructions | 32g | | | | | 32h | | |
| | 33 Estimated tax penalty (see page 14 of instructions). Check if Form 2220 is attached | | | | | | 33 | | |
| | 34 Tax due. If line 32h is smaller than the total of lines 31 and 33, enter amount owed | | | | | | 34 | 0. | |
| | 35 Overpayment. If line 32h is larger than the total of lines 31 and 33, enter amount overpaid | | | | | | 35 | | |
| 36 Enter amount of line 35 you want: Credited to 2003 estimated tax | | | | | | 36 | | | |

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer _____ Date _____ Title _____

May the IRS discuss this return with the preparer shown below?
☒ Yes ☐ No

Paid Preparer's Use Only

Preparer's signature _____ Date _____ Check if self-employed ☐ Preparer's SSN or PTIN **212-70-8799**
Firm's name (or yours if self-employed), address, and ZIP code **K A W G & F, P.A.**
40 YORK ROAD, SUITE 300
BALTIMORE, MD 21204-5204
EIN **52-1003788**
Phone no. **(410) 828-6432**

Schedule A Cost of Goods Sold (See page 14 of instructions.)

| | | | |
|---|---|---|--|
| 1 | Inventory at beginning of year | 1 | |
| 2 | Purchases | 2 | |
| 3 | Cost of labor | 3 | |
| 4 | Additional section 263A costs (attach schedule) | 4 | |
| 5 | Other costs (attach schedule) | 5 | |
| 6 | Total. Add lines 1 through 5 | 6 | |
| 7 | Inventory at end of year | 7 | |
| 8 | Cost of goods sold. Subtract line 7 from line 6. Enter here and on line 2, page 1 | 8 | |

9a Check all methods used for valuing closing inventory:

(i) ☐ Cost as described in Regulations section 1.471-3

(ii) ☐ Lower of cost or market as described in Regulations section 1.471-4

(iii) ☐ Other (Specify method used and attach explanation.) ▶

b Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c) ▶ ☐

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶ ☐

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO 9d

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? ☐ Yes ☐ No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? ☐ Yes ☐ No

If "Yes," attach explanation

Schedule C Dividends and Special Deductions

| | (a) Dividends received | (b) % | (c) Special deductions (a) x (b) |
|---|------------------------|------------------|----------------------------------|
| 1 Dividends from less-than-20%-owned domestic corporations that are subject to the 70% deduction (other than debt-financed stock) | | 70 | |
| 2 Dividends from 20%-or-more-owned domestic corporations that are subject to the 80% deduction (other than debt-financed stock) | | 80 | |
| 3 Dividends on debt-financed stock of domestic and foreign corporations (section 246A) | | see instructions | |
| 4 Dividends on certain preferred stock of less-than-20%-owned public utilities | | 42 | |
| 5 Dividends on certain preferred stock of 20%-or-more-owned public utilities | | 48 | |
| 6 Dividends from less-than-20%-owned foreign corporations and certain FSCs that are subject to the 70% deduction | | 70 | |
| 7 Dividends from 20%-or-more-owned foreign corporations and certain FSCs that are subject to the 80% deduction | | 80 | |
| 8 Dividends from wholly owned foreign subsidiaries subject to the 100% deduction (section 245(b)) | | 100 | |
| 9 Total. Add lines 1 through 8 | | | |
| 10 Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958 | | 100 | |
| 11 Dividends from certain FSCs that are subject to the 100% deduction (section 245(c)(1)) | | 100 | |
| 12 Dividends from affiliated group members subject to the 100% deduction (sec. 243(a)(3)) | | 100 | |
| 13 Other dividends from foreign corporations not included on lines 3, 6, 7, 8, or 11 | | | |
| 14 Income from controlled foreign corporations under subpart F (attach Form(s) 5471) | | | |
| 15 Foreign dividend gross-up (section 78) | | | |
| 16 IC-DISC and former DISC dividends not included on lines 1, 2, or 3 (section 246(d)) | | | |
| 17 Other dividends | | | |
| 18 Deduction for dividends paid on certain preferred stock of public utilities | | | |
| 19 Total dividends. Add lines 1 through 17. Enter here and on line 4, page 1 ▶ | | | |
| 20 Total special deductions. Add lines 9, 10, 11, 12, and 18. Enter here and on line 29b, page 1 ▶ | | | |

Schedule E Compensation of Officers

(See instructions for line 12, page 1, on page 10 of instructions.)

Note: Complete Schedule E only if total receipts (line 1a plus lines 4 through 10 on page 1) are \$500,000 or more.

| (a) Name of officer | (b) Social security number | (c) Percent of time devoted to business | Percent of corporation stock owned | | (f) Amount of compensation |
|---|----------------------------|---|------------------------------------|---------------|----------------------------|
| | | | (d) Common | (e) Preferred | |
| 1 STATEMENT 2 | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| 2 Total compensation of officers | | | | | 1,226,000. |
| 3 Compensation of officers claimed on Schedule A and elsewhere on return | | | | | |
| 4 Subtract line 3 from line 2. Enter the result here and on line 12, page 1 | | | | | 1,226,000. |

Schedule J Tax Computation (See page 17 of instructions)

| | | | |
|--|--------|---|----|
| 1 Check if the corporation is a member of a controlled group (see sections 1561 and 1563) <input type="checkbox"/> | | | |
| Important: Members of a controlled group, see instructions on page 17. | | | |
| 2a If the box on line 1 is checked, enter the corporation's share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order): | | | |
| (1) \$ | (2) \$ | (3) \$ | |
| b Enter the corporation's share of: | | (1) Additional 5% tax (not more than \$11,750) | \$ |
| | | (2) Additional 3% tax (not more than \$100,000) | \$ |
| 3 Income tax. Check if a qualified personal service corporation under section 448(d)(2) (see page 17) <input type="checkbox"/> | | 3 | 0. |
| 4 Alternative minimum tax (attach Form 4626) | | 4 | |
| 5 Add lines 3 and 4 | | 5 | 0. |
| 6a Foreign tax credit (attach Form 1118) | 6a | | |
| b Possessions tax credit (attach Form 5735) | 6b | | |
| c Check: <input type="checkbox"/> Nonconventional source fuel credit <input type="checkbox"/> QEV credit (attach Form 8834) | 6c | | |
| d General business credit. Check box(es) and indicate which forms are attached.
<input type="checkbox"/> Form 3800 <input type="checkbox"/> Form(s) (specify) ▶ | 6d | | |
| e Credit for prior year minimum tax (attach Form 8827) | 6e | | |
| f Qualified zone academy bond credit (attach Form 8860) | 6f | | |
| 7 Total credits. Add lines 6a through 6f | 7 | | |
| 8 Subtract line 7 from line 5 | 8 | | 0. |
| 9 Personal holding company tax (attach Schedule PH (Form 1120)) | 9 | | |
| 10 Other taxes. Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 <input type="checkbox"/> Form 8697
<input type="checkbox"/> Form 8866 <input type="checkbox"/> Other (attach schedule) | 10 | | |
| 11 Total tax. Add lines 8 through 10. Enter here and on line 31, page 1 | 11 | | 0. |

Schedule K Other Information (See page 19 of instructions)

| | | | | | |
|--|-----|----|--|-----|----|
| 1 Check method of accounting: a <input type="checkbox"/> Cash b <input checked="" type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) ▶ | Yes | No | 7 At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of (a) the total voting power of all classes of stock of the corporation entitled to vote or (b) the total value of all classes of stock of the corporation? If "Yes," enter: (a) Percentage owned ▶ and (b) Owner's country ▶ | Yes | No |
| 2 See page 21 of the instructions and enter the:
a Business activity code no. ▶ 541990
b Business activity ▶ MANAGEMENT
c Product or service ▶ CONSULTING | | | c The corporation may have to file Form 5472, Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter number of Forms 5472 attached ▶ | | |
| 3 At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a schedule showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) taxable income or (loss) before NOL and special deductions of such corporation for the tax year ending with or within your tax year. | X | | 8 Check this box if the corporation issued publicly offered debt instruments with original issue discount <input type="checkbox"/> If checked, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments. | | X |
| 4 Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? If "Yes," enter name and EIN of the parent corporation ▶ | | X | 9 Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$ | | |
| 5 At the end of the tax year, did any individual, partnership, corporation, estate, or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).) If "Yes," attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.) Enter percentage owned ▶ | X | | 10 Enter the number of shareholders at the end of the tax year (if 75 or fewer) ▶ 5 | | |
| 6 During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.) If "Yes," file Form 5452, Corporate Report of Nondividend Distributions. If this is a consolidated return, answer here for the parent corporation and on Form 851, Affiliations Schedule, for each subsidiary. | | X | 11 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here <input type="checkbox"/> If the corporation is filing a consolidated return, the statement required by Regulations section 1.1502-21(b)(3)(i) or (ii) must be attached or the election will not be valid. | | |
| | | | 12 Enter the available NOL carryover from prior tax years (Do not reduce it by any deduction on line 29a.) ▶ \$ 800. | | |
| | | | 13 Are the corporation's total receipts (line 1a plus lines 4 through 10 on page 1) for the tax year and its total assets at the end of the tax year less than \$250,000? If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2 on page 4. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year. ▶ \$ | | X |

Note: If the corporation, at any time during the tax year, had assets or operated a business in a foreign country or U.S. possession, it may be required to attach Schedule N (Form 1120), Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.

Note: The corporation is not required to complete Schedules L, M-1, and M-2 if Question 13 on Schedule K is answered "Yes."

| Schedule L Balance Sheets per Books | | Beginning of tax year | | End of tax year | |
|--------------------------------------|---|-----------------------|---------------|-----------------|-------------|
| Assets | | (a) | (b) | (c) | (d) |
| 1 | Cash | | 347,931. | | 1,089,362. |
| 2a | Trade notes and accounts receivable | | | | |
| b | Less allowance for bad debts | () | | () | |
| 3 | Inventories | | | | |
| 4 | U.S. government obligations | SEE | | SEE | |
| 5 | Tax-exempt securities | STATEMENT OF | | STATEMENT OF | |
| 6 | Other current assets (att. sch.) | CONSOLIDATED | 7,173,063. | CONSOLIDATED | -3,604,427. |
| 7 | Loans to shareholders | BEGINNING | | ENDING | |
| 8 | Mortgage and real estate loans | BALANCE SHEET | | BALANCE SHEET | |
| 9 | Other investments (att. sch.) | | 17,406,356. | | 24,257,322. |
| 10a | Buildings and other depreciable assets | 636,263. | | 590,257. | |
| b | Less accumulated depreciation | (130,187.) | 506,076. | (211,727.) | 378,530. |
| 11a | Depletable assets | | | | |
| b | Less accumulated depletion | () | | () | |
| 12 | Land (net of any amortization) | | | | |
| 13a | Intangible assets (amortizable only) | | | | |
| b | Less accumulated amortization | () | | () | |
| 14 | Other assets (att. sch.) | | 60,000. | | 155,699. |
| 15 | Total assets | | 25,493,426. | | 22,276,486. |
| Liabilities and Shareholders' Equity | | | | | |
| 16 | Accounts payable | | | | 82,226. |
| 17 | Mortgages, notes, bonds payable in less than 1 year | | | | |
| 18 | Other current liabilities (att. sch.) | | 4,457,766. | | 4,488,261. |
| 19 | Loans from shareholders | | | | 250,000. |
| 20 | Mortgages, notes, bonds payable in 1 year or more | | | | |
| 21 | Other liabilities (att. sch.) | | 8,487,170. | | 8,487,170. |
| 22 | Capital stock: a Preferred stock | | | | |
| b | Common stock | 3,350,000. | 3,350,000. | 3,350,000. | 3,350,000. |
| 23 | Additional paid-in capital | | 756,700. | | 349,700. |
| 24 | Retained earnings - Appropriated (attach schedule) | | | | |
| 25 | Retained earnings - Unappropriated | | 9,548,790. | | 5,969,129. |
| 26 | Adjustments to shareholders' equity (attach schedule) | | | | |
| 27 | Less cost of treasury stock | | (1,107,000.) | | (700,000.) |
| 28 | Total liabilities and shareholders' equity | | 25,493,426. | | 22,276,486. |

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return (see page 20 of instructions)

| | | | | | |
|---|---|-------------|----|--|-------------|
| 1 | Net income (loss) per books | -3,789,014. | 7 | Income recorded on books this year not included on this return (itemize): | |
| 2 | Federal income tax per books | -2,000,000. | | Tax-exempt interest \$ | 2950736. |
| 3 | Excess of capital losses over capital gains | 413,339. | | | 2,950,736. |
| 4 | Income subject to tax not recorded on books this year (itemize): | | 8 | Deductions on this return not charged against book income this year (itemize): | |
| 5 | Expenses recorded on books this year not deducted on this return (itemize): | | a | Depreciation | \$ 8,206. |
| a | Depreciation | \$ 27,965. | b | Charitable contributions | \$ 190,821. |
| b | Charitable contributions | \$ 1,020. | | | 199,027. |
| c | Travel and entertainment | \$ 120,822. | 9 | Add lines 7 and 8 | 3,149,763. |
| | 2,168,690. | 2,318,497. | 10 | Income (line 28, page 1) - line 6 less line 9 | -6,206,941. |
| 6 | Add lines 1 through 5 | -3,057,178. | | | |

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)

| | | | | | |
|---|------------------------------|-------------|---|---|------------|
| 1 | Balance at beginning of year | 9,548,790. | 5 | Distributions: a Cash | |
| 2 | Net income (loss) per books | -3,789,014. | | b Stock | |
| 3 | Other increases (itemize): | | | c Property | |
| | | | 6 | Other decreases (itemize): | |
| | | | | | |
| | | 209,353. | 7 | Add lines 5 and 6 | |
| 4 | Add lines 1, 2, and 3 | 5,969,129. | 8 | Balance at end of year (line 4 less line 7) | 5,969,129. |

Form **851**
(Rev. September 2000)
Department of the Treasury
Internal Revenue Service

Affiliations Schedule
▶ File with each consolidated income tax return.
DECEMBER 31, 2002

OMB No. 1545-0025

Tax year ending

Name of common parent corporation

ENERGY MERCHANT CORP

Employer identification number

13-3855623

Number, street, and room or suite no. (If a P.O. box, see instructions.)

126 EAST 56TH STREET, 33 FLOOR

City or town, state, and ZIP code

NEW YORK, NY 10022

Part I Overpayment Credits, Estimated Tax Payments, and Tax Deposits (See instructions.)

| Corp. No. | Name and address of corporation | Employer identification number | Portion of overpayment credits and estimated tax payments | Portion of tax deposited with Form 7004 |
|---|---|--------------------------------|---|---|
| 1 | Common parent corporation | | | |
| | Subsidiary corporations: | | | |
| 2 | ENERGY MERCHANT HOLDING, INC.
126 EAST 56TH STREET, 33 FLOOR
NEW YORK, NY 10022 | 13-4104912 | 0. | 0. |
| 3 | EMC CAPITAL CORP
126 EAST 56TH ST., 33 FLOOR
NEW YORK, NY 10022 | 51-0383350 | 0. | 0. |
| 4 | POWERINE OIL COMPANY
126 EAST 56TH STREET, 33 FLOOR
NEW YORK, NY 10022 | 95-4564080 | 0. | 0. |
| 5 | ANGLO PETROLEUM CORPORATION
126 EAST 56TH STREET, 33 FLOOR
NEW YORK, NY 10022 | 95-4059009 | 0. | 0. |
| 6 | CORPORATE DEVELOPMENT, INC.
126 EAST 56TH ST, 33 FLOOR
NEW YORK, NY 10022 | 13-3817433 | 0. | 0. |
| 7 | ENERGY MERCHANT MANAGEMENT CO., LLC
126 EAST 56TH STREET, 33 FLOOR
NEW YORK, NY 10022 | 13-4146881 | 0. | 0. |
| 8 | | | | |
| 9 | | | | |
| 10 | | | | |
| Totals (Must equal amounts shown on the consolidated tax return) ▶ | | | | |

Part II Principal Business Activity, Voting Stock Information, Etc. (See instructions.)

| Corp. No. | Principal business activity (PBA) | PBA Code No. | Did the subsidiary make any nondividend distributions? | | Stock holdings at beginning of year | | | |
|-----------|---------------------------------------|--------------|--|----|-------------------------------------|-------------------------|------------------|--------------------------|
| | | | Yes | No | Number of shares | Percent of voting power | Percent of value | Owned by corporation no. |
| 1 | Common parent corporation: MANAGEMENT | 541990 | | | | | | |
| | Subsidiary corporations: | | | | | | | |
| 2 | HOLDING COMPANY | 525990 | | X | 500 | 100.00% | 100.00% | 1 |
| 3 | SECURITY TRADER | 523130 | | X | 1,000 | 100.00% | 100.00% | 2 |
| 4 | REFINER | 424700 | | X | 100 | 100.00% | 100.00% | 1 |
| 5 | PETROLEUM TRADER | 424700 | | X | 100 | 100.00% | 100.00% | 1 |
| 6 | HOLDING COMPANY | 525990 | | X | 100 | 100.00% | 100.00% | 1 |
| 7 | MANAGEMENT | 541990 | | X | | % | % | |
| 8 | | | | | | % | % | |
| 9 | | | | | | % | % | |
| 10 | | | | | | % | % | |

Form 851 (Rev. 9-2000)

Page 3

Part IV Additional Stock Information (See instructions.)**1** During the tax year, did the corporation have more than one class of stock outstanding?

| Corp.
No. | Name of corporation | Answer to
Question 1 | | If "Yes" to question 1,
list and describe each class of stock. |
|--------------|---------------------|-------------------------|----|---|
| | | Yes | No | |
| | | | | |
| | SEE STATEMENT 3 | | | |
| | | | | |
| | | | | |

2 During the tax year, was there (a) any member of the consolidated group that reaffiliated within 60 months of disaffiliation or (b) any member of the affiliated group that was deconsolidated under Rev. Proc. 91-11, 1991-1 C.B. 470 (as modified and clarified by Rev. Proc. 91-39, 1991-2 C.B. 694), Rev. Proc. 95-11, 1995-1 C.B. 505, or Rev. Proc. 95-39, 1995-2 C.B. 399?

| Corp.
No. | Name of corporation | Answer to
Question 2 | | If "Yes" to (a) or (b) of question 2,
list the member(s) and explain the circumstances. |
|--------------|---------------------|-------------------------|----|--|
| | | Yes | No | |
| | | | | |
| | SEE STATEMENT 4 | | | |
| | | | | |
| | | | | |

3 During the tax year, was there any arrangement in existence by which one or more persons that were not members of the affiliated group could acquire any stock, or acquire any voting power without acquiring stock, in the corporation, other than a de minimis amount, from the corporation or another member of the affiliated group?

| Corp.
No. | Name of corporation | Answer to
Question 3 | | Item 3a | Item 3b | Item 3c |
|--------------|---------------------|-------------------------|----|---------|---------|---------|
| | | Yes | No | | | |
| | | | | | | |
| | | | | % | % | % |
| | SEE STATEMENT 5 | | | % | % | % |
| | | | | % | % | % |
| | | | | % | % | % |

Corp. No. Item 3d - Provide a description of any arrangement.

| | |
|--|--|
| | |
| | |
| | |
| | |

**Sign
Here**

Under penalties of perjury, I declare that I have examined this form, including accompanying statements, and to the best of my knowledge and belief, it is true, correct, and complete for the tax year as stated.



Signature of officer

Date



Title

Form 851 (Rev. 9-2000)

SCHEDULE D
(Form 1120)Department of the Treasury
Internal Revenue Service**Capital Gains and Losses**▶ Attach to Form 1120, 1120-A, 1120-F, 1120-FSC, 1120-H,
1120-IC-DISC, 1120-L, 1120-ND, 1120-PC, 1120-POL, 1120-REIT,
1120-RIC, 1120-SF, 990-C, or certain Forms 990-T.

OMB No. 1545-0123

2002Name **ENERGY MERCHANT CORP AND
SUBSIDIARIES**

Employer identification number

13-3855623**Part I Short-Term Capital Gains and Losses - Assets Held One Year or Less**

| (a) Description of property
(Example: 100 shares of Z Co.) | (b) Date acquired
(mo., day, yr.) | (c) Date sold
(mo., day, yr.) | (d) Sales price
(see instructions) | (e) Cost or other basis
(see instructions) | (f) Gain or (loss)
(Subtract (e) from (d)) |
|--|--------------------------------------|----------------------------------|---------------------------------------|---|---|
| 1 TRADING LOSSES EMC
CC | VARIOUS | VARIOUS | | 184,920. | -184,920. |
| PASSTHROUGH FROM
OTHER ENTITIES | | | | | -43,247. |
| TRADING PROFITS
PASSTHROUGH FROM
OTHER ENTITIES | | | | 364,708. | -364,708. |
| | | | | | 179,788. |
| | | | | | |
| | | | | | |
| 2 Short-term capital gain from installment sales from Form 6252, line 26 or 37 | | | | 2 | |
| 3 Short-term gain or (loss) from like-kind exchanges from Form 8824 | | | | 3 | |
| 4 Unused capital loss carryover (attach computation) | | | SEE STATEMENT 6 | 4 | (731,715.) |
| 5 Net short-term capital gain or (loss). Combine lines 1 through 4 | | | | 5 | -1,144,802. |

Part II Long-Term Capital Gains and Losses - Assets Held More Than One Year

| | | | | | |
|---|--|--|--|----|---------|
| 6 PASSTHROUGH FROM
OTHER ENTITIES | | | | | -4,549. |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| 7 Enter gain from Form 4797, column (g), line 7 or 9 | | | | 7 | 516. |
| 8 Long-term capital gain from installment sales from Form 6252, line 26 or 37 | | | | 8 | |
| 9 Long-term gain or (loss) from like-kind exchanges from Form 8824 | | | | 9 | |
| 10 Capital gain distributions (see instructions) | | | | 10 | |
| 11 Net long-term capital gain or (loss). Combine lines 6 through 10 | | | | 11 | -4,033. |

Part III Summary of Parts I and II

| | | |
|---|----|--|
| 12 Enter excess of net short-term capital gain (line 5) over net long-term capital loss (line 11) | 12 | |
| 13 Net capital gain. Enter excess of net long-term capital gain (line 11) over net short-term capital loss (line 5) | 13 | |
| 14 Add lines 12 and 13. Enter here and on Form 1120, page 1, line 8, or the proper line on other returns | 14 | |

Note: If losses exceed gains, see **Capital losses** in the instructions on page 2.

JWA For Paperwork Reduction Act Notice, see the Instructions for Forms 1120 and 1120-A.

Schedule D (Form 1120) 2002

Form **4562**Department of the Treasury
Internal Revenue Service**Depreciation and Amortization**
(Including Information on Listed Property) **OTHER**

▶ See separate instructions.

▶ Attach to your tax return.

OMB No. 1545-0172

2002Attachment
Sequence No. 67

Name(s) shown on return

**ENERGY MERCHANT CORP AND
SUBSIDIARIES**

Business or activity to which this form relates

OTHER DEPRECIATION

Identifying number

13-3855623**Part I Election To Expense Certain Tangible Property Under Section 179** Note: If you have any listed property, complete Part V before you complete Part I.

| | | | |
|----|---|------------------------------|------------------|
| 1 | Maximum amount. See instructions for a higher limit for certain businesses | 1 | 24,000. |
| 2 | Total cost of section 179 property placed in service (see instructions) | 2 | |
| 3 | Threshold cost of section 179 property before reduction in limitation | 3 | \$200,000 |
| 4 | Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0- | 4 | |
| 5 | Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions | 5 | |
| 6 | (a) Description of property | (b) Cost (business use only) | (c) Elected cost |
| 7 | Listed property. Enter amount from line 29 | 7 | |
| 8 | Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7 | 8 | |
| 9 | Tentative deduction. Enter the smaller of line 5 or line 8 | 9 | |
| 10 | Carryover of disallowed deduction from line 13 of your 2001 Form 4562 | 10 | |
| 11 | Business income limitation. Enter the smaller of business income (not less than zero) or line 5 | 11 | |
| 12 | Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11 | 12 | 0. |
| 13 | Carryover of disallowed deduction to 2003. Add lines 9 and 10, less line 12 | 13 | |

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)

| | | | |
|----|---|----|--|
| 14 | Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions) | 14 | |
| 15 | Property subject to section 168(f)(1) election (see instructions) | 15 | |
| 16 | Other depreciation (including ACRS) (see instructions) | 16 | |

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)**Section A**

| | | | |
|----|---|----|---------|
| 17 | MACRS deductions for assets placed in service in tax years beginning before 2002 | 17 | 64,515. |
| 18 | If you are electing under section 168(f)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check here | | |

Section B - Assets Placed in Service During 2002 Tax Year Using the General Depreciation System

| (a) Classification of property | (b) Month and year placed in service | (c) Basis for depreciation (business/investment use only - see instructions) | (d) Recovery period | (e) Convention | (f) Method | (g) Depreciation deduction |
|--------------------------------|--------------------------------------|--|---------------------|----------------|------------|----------------------------|
| 19a 3-year property | | | | | | |
| b 5-year property | | | | | | |
| c 7-year property | | | | | | |
| d 10-year property | | | | | | |
| e 15-year property | | | | | | |
| f 20-year property | | | | | | |
| g 25-year property | | | 25 yrs. | | S/L | |
| h Residential rental property | / | | 27.5 yrs. | MM | S/L | |
| | / | | 27.5 yrs. | MM | S/L | |
| i Nonresidential real property | / | | 39 yrs. | MM | S/L | |
| | / | | | MM | S/L | |

Section C - Assets Placed in Service During 2002 Tax Year Using the Alternative Depreciation System

| | | | | | | |
|----------------|---|--|---------|----|-----|--|
| 20a Class life | | | | | S/L | |
| b 12-year | | | 12 yrs. | | S/L | |
| c 40-year | / | | 40 yrs. | MM | S/L | |

Part IV Summary (See instructions.)

| | | | |
|----|--|----|---------|
| 21 | Listed property. Enter amount from line 28 | 21 | |
| 22 | Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instr. | 22 | 64,515. |
| 23 | For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs | 23 | |

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)**Note:** For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.**Section A - Depreciation and Other Information** (Caution: See instructions for limits for passenger automobiles.)**24a** Do you have evidence to support the business/investment use claimed? ☐ Yes ☐ No **24b** If "Yes," is the evidence written? ☐ Yes ☐ No

| (a)
Type of property
(list vehicles first) | (b)
Date
placed in
service | (c)
Business/
investment
use percentage | (d)
Cost or
other basis | (e)
Basis for depreciation
(business/investment
use only) | (f)
Recovery
period | (g)
Method/
Convention | (h)
Depreciation
deduction | (i)
Elected
section 179
cost |
|--|-------------------------------------|--|-------------------------------|--|---------------------------|------------------------------|----------------------------------|---------------------------------------|
|--|-------------------------------------|--|-------------------------------|--|---------------------------|------------------------------|----------------------------------|---------------------------------------|

25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use **25****26** Property used more than 50% in a qualified business use:**27** Property used 50% or less in a qualified business use:**28** Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 **28****29** Add amounts in column (i), line 26. Enter here and on line 7, page 1 **29****Section B - Information on Use of Vehicles**

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person.

If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

| | (a)
Vehicle | (b)
Vehicle | (c)
Vehicle | (d)
Vehicle | (e)
Vehicle | (f)
Vehicle |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| 30 Total business/investment miles driven during the year (do not include commuting miles) | | | | | | |
| 31 Total commuting miles driven during the year | | | | | | |
| 32 Total other personal (noncommuting) miles driven | | | | | | |
| 33 Total miles driven during the year. Add lines 30 through 32 | | | | | | |
| 34 Was the vehicle available for personal use during off-duty hours? | Yes No | Yes No | Yes No | Yes No | Yes No | Yes No |
| 35 Was the vehicle used primarily by a more than 5% owner or related person? | | | | | | |
| 36 Is another vehicle available for personal use? | | | | | | |

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons.

| | | |
|--|-----|----|
| 37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees? | Yes | No |
| 38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See instructions for vehicles used by corporate officers, directors, or 1% or more owners | | |
| 39 Do you treat all use of vehicles by employees as personal use? | | |
| 40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received? | | |
| 41 Do you meet the requirements concerning qualified automobile demonstration use? | | |

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.**Part VI Amortization**

| (a)
Description of costs | (b)
Date amortization
begins | (c)
Amortizable
amount | (d)
Code
section | (e)
Amortization
period or percentage | (f)
Amortization
for this year |
|--|------------------------------------|------------------------------|------------------------|---|--------------------------------------|
| 42 Amortization of costs that begins during your 2002 tax year: | | | | | |
| 43 Amortization of costs that began before your 2002 tax year | | | | | 43 |
| 44 Total. Add amounts in column (f). See instructions for where to report | | | | | 44 |

Form **4797**Department of the Treasury
Internal Revenue Service (99)**Sales of Business Property**(Also Involuntary Conversions and Recapture Amounts Under
Sections 179 and 280F(b)(2))
▶ Attach to your tax return.

OMB No. 1545-0184

2002Attachment
Sequence No. **27**

Name(s) shown on return

**ENERGY MERCHANT CORP AND
SUBSIDIARIES**

Identifying number

13-3855623**1** Enter the gross proceeds from sales or exchanges reported to you for 2002 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions) **1****Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft - Most Property Held More Than 1 Year**

| (a) Description of property | (b) Date acquired (mo., day, yr.) | (c) Date sold (mo., day, yr.) | (d) Gross sales price | (e) Depreciation allowed or allowable since acquisition | (f) Cost or other basis, plus improvements and expense of sale | (g) Gain or (loss) Subtract (f) from the sum of (d) and (e) |
|--|-----------------------------------|-------------------------------|-----------------------|---|--|---|
| 2 PASSTHROUGH FROM OTHER ENTITIES | | | | | | |
| | | | | | | 4,297. |
| CT FURNISHINGS | 010100 | 033102 | 6,549. | 9,356. | 19,686. | -3,781. |

| | | |
|---|----------|-------------|
| 3 Gain, if any, from Form 4684, line 39 | 3 | |
| 4 Section 1231 gain from installment sales from Form 6252, line 26 or 37 | 4 | |
| 5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824 | 5 | |
| 6 Gain, if any, from line 32, from other than casualty or theft | 6 | |
| 7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows:
Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 6, or Form 1120S, Schedule K, line 5. Skip lines 8, 9, 11, and 12 below.
All others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on Schedule D and skip lines 8, 9, 11, and 12 below. | 7 | 516. |
| 8 Nonrecaptured net section 1231 losses from prior years (see instructions) | 8 | |
| 9 Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on Schedule D (see instructions) | 9 | 516. |

Part II Ordinary Gains and Losses**10** Ordinary gains and losses not included on lines 11 through 17 (include property held 1 year or less):

| | | | | | |
|--|--|--|--|--|--|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

| | | |
|--|---------------|---------------|
| 11 Loss, if any, from line 7 | 11 | () |
| 12 Gain, if any, from line 7 or amount from line 8, if applicable | 12 | |
| 13 Gain, if any, from line 31 | 13 | 5,894. |
| 14 Net gain or (loss) from Form 4684, lines 31 and 38a | 14 | |
| 15 Ordinary gain from installment sales from Form 6252, line 25 or 36 | 15 | |
| 16 Ordinary gain or (loss) from like-kind exchanges from Form 8824 | 16 | |
| 17 Recapture of section 179 expense deduction for partners and S corporation shareholders from property dispositions by partnerships and S corporations (see instructions) | 17 | |
| 18 Combine lines 10 through 17. Enter the gain or (loss) here and on the appropriate line as follows:
a For all except individual returns. Enter the gain or (loss) from line 18 on the return being filed.
b For individual returns:
(1) If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 27, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 22. Identify as from "Form 4797, line 18b(1)." See instructions
(2) Redetermine the gain or (loss) on line 18 excluding the loss, if any, on line 18b(1). Enter here and on Form 1040, line 14 | 18 | 5,894. |
| | 18b(1) | |
| | 18b(2) | |

JWA For Paperwork Reduction Act Notice, see page 7 of the instructions.

Form 4797 (2002)

Part III Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255

| 19 (a) Description of section 1245, 1250, 1252, 1254, or 1255 property: | (b) Date acquired
(mo., day, yr.) | (c) Date sold
(mo., day, yr.) |
|---|--------------------------------------|----------------------------------|
| A CT EQUIPMENT | 040100 | 033102 |
| B | | |
| C | | |
| D | | |

| These columns relate to the properties on lines 19A through 19D. | | Property A | Property B | Property C | Property D |
|---|-----|------------|------------|------------|------------|
| 20 Gross sales price (Note: See line 1 before completing.) | 20 | 16,000. | | | |
| 21 Cost or other basis plus expense of sale | 21 | 26,319. | | | |
| 22 Depreciation (or depletion) allowed or allowable | 22 | 16,213. | | | |
| 23 Adjusted basis. Subtract line 22 from line 21 | 23 | 10,106. | | | |
| 24 Total gain. Subtract line 23 from line 20 | 24 | 5,894. | | | |
| 25 If section 1245 property: | | | | | |
| a Depreciation allowed or allowable from line 22 | 25a | 16,213. | | | |
| b Enter the smaller of line 24 or 25a | 25b | 5,894. | | | |
| 26 If section 1250 property: If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291. | | | | | |
| a Additional depreciation after 1975 | 26a | | | | |
| b Applicable percentage multiplied by the smaller of line 24 or line 26a | 26b | | | | |
| c Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e | 26c | | | | |
| d Additional depreciation after 1969 and before 1976 | 26d | | | | |
| e Enter the smaller of line 26c or 26d | 26e | | | | |
| f Section 291 amount (corporations only) | 26f | | | | |
| g Add lines 26b, 26e, and 26f | 26g | | | | |
| 27 If section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership). | | | | | |
| a Soil, water, and land clearing expenses | 27a | | | | |
| b Line 27a multiplied by applicable percentage | 27b | | | | |
| c Enter the smaller of line 24 or 27b | 27c | | | | |
| 28 If section 1254 property: | | | | | |
| a Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs | 28a | | | | |
| b Enter the smaller of line 24 or 28a | 28b | | | | |
| 29 If section 1255 property: | | | | | |
| a Applicable percentage of payments excluded from income under section 126 | 29a | | | | |
| b Enter the smaller of line 24 or 29a | 29b | | | | |

Summary of Part III Gains. Complete property columns A through D through line 29b before going to line 30.

| | | |
|--|----|--------|
| 30 Total gains for all properties. Add property columns A through D, line 24 | 30 | 5,894. |
| 31 Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13 | 31 | 5,894. |
| 32 Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6 | 32 | |

Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less

(See instructions.)

| | (a) Section 179 | (b) Section 280F(b)(2) |
|--|-----------------|------------------------|
| 33 Section 179 expense deduction or depreciation allowable in prior years | 33 | |
| 34 Recomputed depreciation. See instructions | 34 | |
| 35 Recapture amount. Subtract line 34 from line 33. See instructions for where to report | 35 | |

| SCHEDULE E | | COMPENSATION OF OFFICERS | | | | STATEMENT | 2 |
|------------------------|-------------------------------------|----------------------------------|-------------------------|--------------------|-------------------------------------|-----------|---|
| (A)
NAME OF OFFICER | (B)
SOCIAL
SECURITY
NUMBER | (C)
PCT
OF TIME
DEVOTED | PCT OF
(D)
COMMON | STK
(E)
PREF | (F)
AMOUNT
OF
COMPENSATION | | |
| SIEGFRIED HODAPP | 106-52-9250 | | % | % | | | |
| SIEGRIED HODAPP | 106-52-9250 | 90 | 68.00% | % | 351,000. | | |
| DANIEL LASMAN | 023-44-1586 | 90 | % | % | 125,000. | | |
| VINCENT PAPA | 070-38-3201 | 90 | 1.00% | % | 200,000. | | |
| ROBERT WENOM | 500-46-1850 | 90 | % | % | 200,000. | | |
| MICHAEL CORNISH | 101-58-5760 | 100 | % | % | 350,000. | | |
| TOTAL TO SCHEDULE E | | | | | 1,226,000. | | |

| FORM 851 | | QUESTION 1 | | STATEMENT | 3 |
|----------|-------------------------------------|------------|----|---------------------|---|
| NO. | NAME | YES | NO | DESCRIBE EACH CLASS | |
| 2 | ENERGY MERCHANT HOLDING, INC. | | X | | |
| 3 | EMC CAPITAL CORP | | X | | |
| 4 | POWERINE OIL COMPANY | | X | | |
| 5 | ANGLO PETROLEUM CORPORATION | | X | | |
| 6 | CORPORATE DEVELOPMENT, INC. | | X | | |
| 1 | ENERGY MERCHANT CORP | | X | | |
| 7 | ENERGY MERCHANT MANAGEMENT CO., LLC | | X | | |

| FORM 851 | | QUESTION 2 | | STATEMENT | 4 |
|----------|-------------------------------------|------------|----|-----------------------|---|
| NO. | NAME | YES | NO | EXPLAIN CIRCUMSTANCES | |
| 2 | ENERGY MERCHANT HOLDING, INC. | | X | | |
| 3 | EMC CAPITAL CORP | | X | | |
| 4 | POWERINE OIL COMPANY | | X | | |
| 5 | ANGLO PETROLEUM CORPORATION | | X | | |
| 6 | CORPORATE DEVELOPMENT, INC. | | X | | |
| 1 | ENERGY MERCHANT CORP | | X | | |
| 7 | ENERGY MERCHANT MANAGEMENT CO., LLC | | X | | |

FORM 851

QUESTION 3

STATEMENT 5

| NO. | NAME | YES | NO | ITEM 3B
PERCENT | ITEM 3C
PERCENT | ITEM 3D
PERCENT |
|-----|-------------------------------------|-----|----|--------------------|--------------------|--------------------|
| 2 | ENERGY MERCHANT HOLDING, INC. | | X | | | |
| 3 | EMC CAPITAL CORP | | X | | | |
| 4 | POWERINE OIL COMPANY | | X | | | |
| 5 | ANGLO PETROLEUM CORPORATION | | X | | | |
| 6 | CORPORATE DEVELOPMENT, INC. | | X | | | |
| 1 | ENERGY MERCHANT CORP | | X | | | |
| 7 | ENERGY MERCHANT MANAGEMENT CO., LLC | | X | | | |

CAPITAL LOSS CARRYOVER

STATEMENT 6

CONSOLIDATED CAPITAL GAIN INCOME

-417,120.

| YEAR END | SEPARATE
COMPANY
CAPITAL
GAIN INCOME | CAPITAL
LOSS
CARRYOVER
AVAILABLE | TOTAL CAPITAL
LOSS CARRYOVER
AFTER SRLY
LIMITATION | TOTAL
CAPITAL
LOSS
CARRYOVER
DEDUCTED | REMAINING
CONSOLIDATED
CAPITAL GAIN
INCOME |
|----------|---|---|---|---|---|
| 12/31/01 | | | | | |
| NON-SRLY | | ENERGY MERCHANT CORP
731,715. | 731,715. | | |
| SUBTOTAL | | | 731,715. | 0. | |

ALLOCATION OF CURRENT CONSOLIDATED
CAPITAL LOSS TO MEMBER CORPORATIONS

STATEMENT 7

| CURRENT
CONSOLIDATED
CAPITAL LOSS | X | MEMBER'S
CURRENT
CAPITAL LOSS | / | TOTAL OF ALL
MEMBERS WITH
CAPITAL LOSS | = | CAPITAL LOSS
ALLOCATED
TO THIS
COMPANY |
|---|---|-------------------------------------|---|--|---|---|
| 12/31/02 | | ENERGY MERCHANT HOLDING, INC. | | | | |
| 417,120. | | 228,419. | | 413,339. | | 230,508. |
| 12/31/02 | | EMC CAPITAL CORP | | | | |
| 417,120. | | 184,920. | | 413,339. | | 186,612. |

Statement of Consolidated Income and Deductions

| | |
|--|---|
| Name
ENERGY MERCHANT CORP AND
SUBSIDIARIES | Employer identification number
13-3855623 |
|--|---|

| Income | Schedule Reference | Combined Amounts | Consolidated Adjustments | Consolidated Amounts |
|--|--------------------|------------------|--------------------------|----------------------|
| Gross receipts or sales | | | | |
| Less returns and allowances | | | | |
| Net Sales | | | | |
| Cost of goods sold: | | | | |
| Inventory at beginning of year | | | | |
| Purchases | | | | |
| Cost of labor | | | | |
| Additional section 263A costs | | | | |
| Other costs | | | | |
| Inventory end of year | | | | |
| Cost of goods sold | | | | |
| Gross Profit | | | | |
| Dividends | | 39,617. | -39,617. | 0. |
| Interest | | 468,984. | | 468,984. |
| Gross rents | | | | |
| Gross royalties | | | | |
| Capital gain net income | | | | |
| Net gain or (loss) Form 4797 | | 2,113. | | 2,113. |
| Other income | | 541,545. | | 541,545. |
| Total Income | | 1,052,259. | | 1,012,642. |
| Deductions | | | | |
| Compensation of officers | | 1,226,000. | | 1,226,000. |
| Salaries and wages | | 755,929. | | 755,929. |
| Repairs | | 13,543. | | 13,543. |
| Bad debts | | | | |
| Rents | | 364,967. | | 364,967. |
| Taxes | | 153,219. | | 153,219. |
| Interest | | 35,383. | | 35,383. |
| Contributions | STATEMENT 11 | | | |
| Depreciation not claimed elsewhere | | 64,515. | | 64,515. |
| Depletion | | | | |
| Advertising | | | | |
| Pension, profit-sharing, etc., plans | | | | |
| Employee benefit programs | | 271,660. | | 271,660. |
| Other deductions | | 6,656,331. | -2,321,964. | 4,334,367. |
| Total Deductions | | 9,541,547. | | 7,219,583. |
| Taxable income before NOL and special deductions | | -8,489,288. | | -6,206,941. |
| Net operating loss deduction - limited | STMT 9 | | | |
| Special deductions | STMT 8 | 39,617. | -39,617. | 0. |
| Taxable Income | | -8,528,905. | | -6,206,941. |

| | | | |
|-----------|--------------------------------|-----------|---|
| FORM 1120 | SPECIAL DEDUCTIONS ADJUSTMENTS | STATEMENT | 8 |
|-----------|--------------------------------|-----------|---|

| TYPE OF DIVIDENDS | COMBINED
DEDUCTION | CONSOLIDATED
DEDUCTION |
|--|-----------------------|---------------------------|
| DOMESTIC CORPORATION 70 PERCENT DEDUCTION | | |
| DOMESTIC CORPORATION 80 PERCENT DEDUCTION | | |
| DEBT-FINANCED STOCK DEDUCTION | | |
| PUBLIC UTILITIES 42 PERCENT DEDUCTION | | |
| PUBLIC UTILITIES 48 PERCENT DEDUCTION | | |
| FOREIGN CORPORATION 70 PERCENT DEDUCTION | | |
| FOREIGN CORPORATION 80 PERCENT DEDUCTION | | |
| WHOLLY OWNED FOREIGN SUBSIDIARIES DEDUCTION | | |
| TOTAL DEDUCTIONS SUBJECT TO LIMITATION | | |
| RECEIVED BY SMALL BUSINESS INVESTMENT DEDUCTION | | |
| CERTAIN FSC'S DEDUCTION | | |
| AFFILIATED GROUP DEDUCTION | 39,617. | |
| DEDUCTION FOR DIVIDENDS PAID | | |
| TOTAL DEDUCTIONS | 39,617. | |
| TOTAL ADJUSTMENTS TO FORM 1120, PAGE 1, LINE 29B | | -39,617. |

| | | |
|-------------------------------|-----------|---|
| NET OPERATING LOSS ADJUSTMENT | STATEMENT | 9 |
|-------------------------------|-----------|---|

| | |
|--|-------------|
| CONSOLIDATED TAXABLE INCOME BEFORE NOL DEDUCTION | -6,206,941. |
|--|-------------|

| | SEPARATE
COMPANY
INCOME | TOTAL NOL
AVAILABLE | TOTAL NOL
AFTER SRLY
LIMITATION | TOTAL NOL
DEDUCTED | REMAINING
TAXABLE INCOME
AFTER NOL
DEDUCTION |
|-----------------------------|-------------------------------|-------------------------------|---------------------------------------|-----------------------|---|
| YEAR END 12/31/01 | | | | | |
| NON-SRLY | | ENERGY MERCHANT HOLDING, INC. | 0. | 0. | 0. |
| NON-SRLY | | POWERINE OIL COMPANY | 800. | 800. | 0. |
| NON-SRLY | | ENERGY MERCHANT CORP | 0. | 0. | 0. |
| SUBTOTAL | | 800. | 800. | 0. | |
| CONSOLIDATED NOL DEDUCTION | | | 0. | | |
| COMBINED NOL DEDUCTION | | | 0. | | |
| CONSOLIDATED NOL ADJUSTMENT | | | 0. | | |

ALLOCATION OF CURRENT CONSOLIDATED NET
OPERATING LOSS TO MEMBER CORPORATIONS

STATEMENT 10

| CURRENT
CONSOLIDATED
NOL | X | MEMBER'S
CURRENT
NOL | / | TOTAL OF ALL
MEMBERS
WITH NOL | = | NOL ALLOCATED
TO THIS
COMPANY |
|--------------------------------|---|-------------------------------|---|-------------------------------------|---|-------------------------------------|
| 12/31/02 | | ENERGY MERCHANT HOLDING, INC. | | | | |
| 6,206,941. | | 4,774,682. | | 8,588,694. | | 3,450,603. |
| 12/31/02 | | EMC CAPITAL CORP | | | | |
| 6,206,941. | | 74,972. | | 8,588,694. | | 54,181. |
| 12/31/02 | | ENERGY MERCHANT CORP | | | | |
| 6,206,941. | | 3,739,040. | | 8,588,694. | | 2,702,157. |

CHARITABLE CONTRIBUTION ADJUSTMENT

STATEMENT 11

LIMITATION OF 10% OF TAXABLE INCOME AS ADJUSTED

-620,774.

| | ORIGINAL
CONTRIBUTION | APPLIED
TO DATE | CONTRIBUTION
AVAILABLE | AMOUNT
DEDUCTED | REMAINING
LIMITATION
AFTER
DEDUCTION |
|--|--------------------------|--------------------|---------------------------|--------------------|---|
| CURRENT YEAR | | | | | |
| | 1,020. | | 1,020. | 0. | 0. |
| YEAR END | | | | | |
| 12/31/01 | | | | | |
| | 4,195. | 0. | 4,195. | 0. | 0. |
| CONSOLIDATED CHARITABLE CONTRIBUTION DEDUCTION | | | | 0. | |
| LESS: COMBINED CHARITABLE CONTRIBUTION DEDUCTION | | | | 0. | |
| CONSOLIDATED ADJUSTMENT | | | | 0. | |

SCHEDULE OF COMBINED INCOME AND DEDUCTIONS

| | COMBINED
AMOUNTS | ENERGY
MERCHANT
HOLDING, INC.
13-4104912 | EMC CAPITAL
CORP
51-0383350 | POWERINE OIL
COMPANY
95-4564080 | ANGLO
PETROLEUM
CORPORATION
95-4059009 | CORPORATE
DEVELOPMENT,
INC.
13-3817433 | ENERGY
MERCHANT CORP
13-3855623 | ENERGY
MERCHANT
MANAGEMENT
CO., LLC
13-4146881 |
|---|---------------------|---|-----------------------------------|---------------------------------------|---|---|---------------------------------------|--|
| Income | | | | | | | | |
| Gross receipts or sales | | | | | | | | |
| Less returns and allowances | | | | | | | | |
| Net Sales | | | | | | | | |
| Cost of goods sold: | | | | | | | | |
| Inventory at beginning of year | | | | | | | | |
| Purchases | | | | | | | | |
| Cost of labor | | | | | | | | |
| Additional section 263A costs | | | | | | | | |
| Other costs | | | | | | | | |
| Inventory end of year | | | | | | | | |
| Cost of goods sold | | | | | | | | |
| Gross profit | | | | | | | | |
| Dividends | | 39,617. | | 39,617. | | | | |
| Interest STATEMENT 13 | | 468,984. | 417,076. | 15,007. | | | 36,899. | 2. |
| Gross rents | | | | | | | | |
| Gross royalties | | | | | | | | |
| Capital gain net income | | | | | | | | |
| Net gain or (loss) Form 4797 | | 2,113. | | | | | 2,113. | |
| Other income STATEMENT 14 | | 541,545. | | | | | -190,821. | 732,366. |
| Total Income | | 1,052,259. | 417,076. | 54,624. | | | -151,809. | 732,368. |
| Deductions | | | | | | | | |
| Compensation of officers | | 1,226,000. | | | | | 876,000. | 350,000. |
| Salaries and wages | | 755,929. | | | | | 686,929. | 69,000. |
| Repairs | | 13,543. | | | | | 13,543. | |
| Bad debts | | | | | | | | |
| Rents | | 364,967. | | | | | 322,967. | 42,000. |
| Taxes STATEMENT 15 | | 153,219. | | | | | 133,236. | 19,98 |
| Interest | | 35,383. | | 657. | | | 34,726. | |
| Charitable Contributions | | | | | | | | |
| Depreciation not claimed elsewhere | | 64,515. | | | | | 64,515. | |
| Depletion | | | | | | | | |
| Advertising | | | | | | | | |
| Pension; profit-sharing, etc., plans | | | | | | | | |
| Employee benefit programs | | 271,660. | | | | | 246,349. | 25,311. |
| Other deductions STATEMENT 16 | | 6,656,331. | 5,191,758. | 89,322. | | | 1,208,966. | 166,285. |
| Total Deductions | | 9,541,547. | 5,191,758. | 89,979. | | | 3,587,231. | 672,579. |
| Taxable income before NOL
and special deductions | | -8,489,288. | -4,774,682. | -35,355. | | | -3,739,040. | 59,789. |
| Net operating loss deduction | | | | | | | | |
| Special deductions | | 39,617. | | 39,617. | | | | |
| Taxable Income | | -8,528,905. | -4,774,682. | -74,972. | | | -3,739,040. | 59,789. |

FORM 1120

CURRENT CHARITABLE CONTRIBUTIONS

STATEMENT 12

| | COMBINED
AMOUNTS | ENERGY
MERCHANT
HOLDING, INC. | EMC CAPITAL
CORP | POWERINE OIL
COMPANY | ANGLO
PETROLEUM
CORPORATION | CORPORATE
DEVELOPMENT,
INC. | ENERGY
MERCHANT CORP | ENERGY
MERCHANT
MANAGEMENT CO.,
LLC |
|-----------------------------|---------------------|-------------------------------------|---------------------|-------------------------|-----------------------------------|-----------------------------------|-------------------------|--|
| | | 13-4104912 | 51-0383350 | 95-4564080 | 95-4059009 | 13-3817433 | 13-3855623 | 13-4146881 |
| PASSTHROUGH FROM EML | 1,020. | 1,020. | | | | | | |
| TOTAL CURRENT CONTRIBUTIONS | 1,020. | 1,020. | | | | | | |

FORM 1120

COMBINED INTEREST INCOME

STATEMENT 13

| | COMBINED
AMOUNTS | ENERGY
MERCHANT
HOLDING, INC. | EMC CAPITAL
CORP | POWERINE OIL
COMPANY | ANGLO
PETROLEUM
CORPORATION | CORPORATE
DEVELOPMENT,
INC. | ENERGY
MERCHANT CORP | ENERGY
MERCHANT
MANAGEMENT CO.,
LLC |
|-------------------------------------|---------------------|-------------------------------------|---------------------|-------------------------|-----------------------------------|-----------------------------------|-------------------------|--|
| | | 13-4104912 | 51-0383350 | 95-4564080 | 95-4059009 | 13-3817433 | 13-3855623 | 13-4146881 |
| | 6,557. | | 6,555. | | | | | 2. |
| ENERGY MERCHANT INVESTORS FUND, LLC | 8,452. | | 8,452. | | | | | |
| ENERGY MERCHANT LLC | 417,076. | 417,076. | | | | | | |
| TOTAL INTEREST INCOME | 432,085. | 417,076. | 15,007. | | | | | 2. |

FORM 1120

COMBINED OTHER INCOME

STATEMENT 14

| COMBINED
AMOUNTS | ENERGY
MERCHANT
HOLDING, INC. | EMC CAPITAL
CORP | POWERINE OIL
COMPANY | ANGLO
PETROLEUM
CORPORATION | CORPORATE
DEVELOPMENT,
INC. | ENERGY
MERCHANT CORP | ENERGY
MERCHANT
MANAGEMENT CO.,
LLC |
|---------------------|-------------------------------------|---------------------|-------------------------|-----------------------------------|-----------------------------------|-------------------------|--|
| | 13-4104912 | 51-0383350 | 95-4564080 | 95-4059009 | 13-3817433 | 13-3855623 | 13-4146881 |
| -190,821. | | | | | | -190,821. | |
| 732,366. | | | | | | | 732,366. |
| 541,545. | | | | | | -190,821. | 732,366. |

EMCC LLC 2001
REIMBURSED EXPENSES

TOTAL OTHER INCOME

FORM 1120

COMBINED TAXES

STATEMENT 15

| COMBINED
AMOUNTS | ENERGY
MERCHANT
HOLDING, INC. | EMC CAPITAL
CORP | POWERINE OIL
COMPANY | ANGLO
PETROLEUM
CORPORATION | CORPORATE
DEVELOPMENT,
INC. | ENERGY
MERCHANT CORP | ENERGY
MERCHANT
MANAGEMENT CO.,
LLC |
|---------------------|-------------------------------------|---------------------|-------------------------|-----------------------------------|-----------------------------------|-------------------------|--|
| | 13-4104912 | 51-0383350 | 95-4564080 | 95-4059009 | 13-3817433 | 13-3855623 | 13-4146881 |
| TAXES AND LICENSES | 19,983. | | | | | | 19,983. |
| TAXES AND LICENSES | 133,236. | | | | | 133,236. | |
| TOTAL TAXES | 153,219. | | | | | 133,236. | 19,983. |

ORM 1120

COMBINED OTHER DEDUCTIONS

STATEMENT 16

| | COMBINED
AMOUNTS | ENERGY
MERCHANT
HOLDING, INC.
13-4104912 | EMC CAPITAL
CORP
51-0383350 | POWERINE OIL
COMPANY
95-4564080 | ANGLO
PETROLEUM
CORPORATION
95-4059009 | CORPORATE
DEVELOPMENT,
INC.
13-3817433 | ENERGY
MERCHANT CORP
13-3855623 | ENERGY
MERCHANT
MANAGEMENT CO.,
LLC
13-4146881 |
|--|---------------------|---|-----------------------------------|---------------------------------------|---|---|---------------------------------------|--|
| ACCOUNTING | 6,504. | | | | | | 6,504. | |
| AUTO AND TRUCK | 11,714. | | | | | | | 11,714. |
| AUTO AND TRUCK | 29,277. | | | | | | 29,277. | |
| BANK CHARGES | 5. | | | | | | | 5. |
| BANK CHARGES | 4,052. | | 218. | | | | 3,834. | |
| COMMISSIONS | 139,637. | | | | | | 139,637. | |
| DUES AND SUBSCRIPTIONS | 7,810. | | | | | | 7,810. | |
| INSURANCE | 25,939. | | | | | | 25,939. | |
| MANITORIAL | 9,574. | | | | | | 9,574. | |
| LEGAL AND PROFESSIONAL | 77,601. | | | | | | | 77,601. |
| LEGAL AND PROFESSIONAL | 431,393. | | | | | | 431,393. | |
| FEALS AND ENTERTAINMENT | 112,447. | | | | | | 92,274. | 20,173. |
| MISCELLANEOUS | 26,784. | | | | | | 26,784. | |
| MISCELLANEOUS EXPENSES | 6,091. | 6,091. | | | | | | |
| OFFICE EXPENSE | 52,057. | | | | | | 52,057. | |
| OFFICE EXPENSES | 12,475. | | | | | | | 12,475. |
| OTHER DEDUCTIONS FROM EM ADVISORY CO
LLC | 73,238. | | 73,238. | | | | | |
| OTHER DEDUCTIONS FROM ENERGY
MERCHANT INVESTORS FUND, LLC | 4,947. | | 4,947. | | | | | |
| OTHER DEDUCTIONS FROM ENERGY
MERCHANT LLC | 4,467,503. | 4,467,503. | | | | | | |
| OTHER DEDUCTIONS FROM WILLIAMS
TECHNOLOGIES, LLC | 718,164. | 718,164. | | | | | | |
| OUTSIDE SERVICES | 31,205. | | | | | | | 31,205. |
| OUTSIDE SERVICES | 64,619. | | | | | | 64,619. | |
| PORTFOLIO DEDUCTIONS - EM INVESTORS
FD LLC | 10,919. | | 10,919. | | | | | |
| POSTAGE | 6,235. | | | | | | 6,235. | |
| PRINTING | 328. | | | | | | 328. | |
| SUPPLIES | 12,334. | | | | | | 12,334. | |
| TELEPHONE | 13,112. | | | | | | | 13,112. |
| TELEPHONE | 52,505. | | | | | | 52,505. | |
| TRAVEL AND LODGING | 227,913. | | | | | | 227,913. | |
| UTILITIES | 19,949. | | | | | | 19,949. | |
| TOTAL OTHER DEDUCTIONS | 6,656,331. | 5,191,758. | 89,322. | | | | 1,208,966. | 166,285. |

Statement of Consolidated Beginning Balance Sheet

Name

ENERGY MERCHANT CORP AND
SUBSIDIARIES

Employer identification number

13-3855623

| Assets | Schedule
Reference | Combined
Amounts | Consolidated
Adjustments | Consolidated
Amounts |
|---|-----------------------|---------------------|-----------------------------|-------------------------|
| Cash | | 347,931. | | 347,931. |
| Trade notes and accounts receivable | | | | |
| Less allowance for bad debts | | | | |
| Inventories | | | | |
| U.S. government obligations | | | | |
| Tax-exempt securities | | | | |
| Other current assets | | 8,054,808. | -881,745. | 7,173,063. |
| Loans to stockholders | | 200. | -200. | 0. |
| Mortgage and real estate loans | | | | |
| Other investments | | 62,816,633. | -45410277. | 17,406,356. |
| Buildings and other depreciable assets | | 636,263. | | 636,263. |
| Less accumulated depreciation | | 130,187. | | 130,187. |
| Depletable assets | | | | |
| Less accumulated depletion | | | | |
| Land (net of any amortization) | | | | |
| Intangible assets (amortizable only) | | | | |
| Less accumulated amortization | | | | |
| Other assets | | 60,000. | | 60,000. |
| Total Assets | | 71,785,648. | | 25,493,426. |
| Liabilities and Stockholders' Equity | | | | |
| Accounts payable | | | | |
| Mortgages, notes, bonds payable in less than 1 year | | | | |
| Other current liabilities | | 13,367,169. | -8,909,403. | 4,457,766. |
| Loans from stockholders | | | | |
| Mortgages, notes, bonds payable in 1 year or more | | | | |
| Other liabilities | | 8,487,170. | | 8,487,170. |
| Capital stock: a Preferred stock | | | | |
| b Common stock | | 4,350,701. | -1,000,701. | 3,350,000. |
| Additional paid-in capital | | 21,219,622. | -20462922. | 756,700. |
| Retained earnings - Appropriated | | | | |
| Retained earnings - Unappropriated | | 25,467,986. | -15919196. | 9,548,790. |
| Adjustments to shareholders' equity | | | | |
| Less cost of treasury stock | | 1,107,000. | | 1,107,000. |
| Total Liabilities and
Stockholders' Equity | | 71,785,648. | | 25,493,426. |

SCHEDULE OF COMBINED BEGINNING BALANCE SHEET

| | COMBINED
AMOUNTS | ENERGY
MERCHANT
HOLDING, INC.
13-4104912 | EMC CAPITAL
CORP
51-0383350 | POWERINE OIL
COMPANY
95-4564080 | ANGLO
PETROLEUM
CORPORATION
95-4059009 | CORPORATE
DEVELOPMENT,
INC.
13-3817433 | ENERGY
MERCHANT CORP
13-3855623 | ENERGY
MERCHANT
MANAGEMENT
CO., LLC
13-4146881 |
|---|---------------------|---|-----------------------------------|---------------------------------------|---|---|---------------------------------------|--|
| Assets | | | | | | | | |
| Cash | 347,931. | | | | | | 347,931. | |
| Trade notes and accounts receivable | | | | | | | | |
| Less allowance for bad debts | | | | | | | | |
| Inventories | | | | | | | | |
| U.S. government obligations | | | | | | | | |
| Tax-exempt securities | | | | | | | | |
| Other current assets STATEMENT 17 | 8,054,808. | | | 881,744. | | | 6,930,042. | 243,022. |
| Loans to stockholders | 200. | | | | 100. | 100. | | |
| Mortgage and real estate loans | | | | | | | | |
| Other investments STATEMENT 18 | 62,816,633. | 24,965,627. | 11,416,992. | | | | 26,434,014. | |
| Buildings and other depreciable assets | 636,263. | | | | | | 636,263. | |
| Less accumulated depreciation | 130,187. | | | | | | 130,187. | |
| Depletable assets | | | | | | | | |
| Less accumulated depletion | | | | | | | | |
| Land (net of any amortization) | | | | | | | | |
| Intangible assets (amortizable only) | | | | | | | | |
| Less accumulated amortization | | | | | | | | |
| Other assets STATEMENT 19 | 60,000. | | | | | | 60,000. | |
| Total Assets | 71,785,648. | 24,965,627. | 11,416,992. | 881,744. | 100. | 100. | 34,278,063. | 243,022. |
| Liabilities and Stockholders' Equity | | | | | | | | |
| Accounts payable | | | | | | | | |
| Mortgages, notes, bonds payable in less than 1 year | | | | | | | | |
| Other current liabilities STATEMENT 20 | 13,367,169. | | | 3,689,260. | | | 9,244,066. | 433,843. |
| Loans from stockholders | | | | | | | | |
| Mortgages, notes, bonds payable in 1 year or more | | | | | | | | |
| Other liabilities STATEMENT 21 | 8,487,170. | | | 8,487,170. | | | | |
| Capital stock: a Preferred stock | | | | | | | | |
| b Common stock | 4,350,701. | 500. | 1,000,000. | 1. | 100. | 100. | 3,350,000. | |
| Additional paid-in capital | 21,219,622. | 19,462,923. | | 999,999. | | | 756,700. | |
| Retained earnings - Apportioned | | | | | | | | |
| Retained earnings - Unappropriated | 25,467,986. | 5,502,204. | 10,416,992. | -12,294,686. | | | 22,034,297. | -190,821. |
| Adjustments to shareholders' equity | | | | | | | | |
| Less cost of treasury stock | 1,107,000. | | | | | | 1,107,000. | |
| Total Liabilities and Stockholders' Equity | 71,785,648. | 24,965,627. | 11,416,992. | 881,744. | 100. | 100. | 34,278,063. | 243,022. |

SCHEDULE L

COMBINED OTHER CURRENT ASSETS

STATEMENT 17

| | COMBINED
AMOUNTS | ENERGY
MERCHANT
HOLDING, INC.
13-4104912 | EMC CAPITAL
CORP
51-0383350 | POWERINE OIL
COMPANY
95-4564080 | ANGLO
PETROLEUM
CORPORATION
95-4059009 | CORPORATE
DEVELOPMENT,
INC.
13-3817433 | ENERGY
MERCHANT CORP
13-3855623 | ENERGY
MERCHANT
MANAGEMENT CO.,
LLC
13-4146881 |
|----------------------------|---------------------|---|-----------------------------------|---------------------------------------|---|---|---------------------------------------|--|
| CA PREPAID TAXES | 75,401. | | | | | | 75,401. | |
| DUE FROM AFFILIATES | 881,744. | | | 881,744. | | | | |
| DUE FROM AFFILIATES | 2,877,131. | | | | | | 2,877,131. | |
| DUE FROM EMAC | 243,022. | | | | | | | 243,022. |
| OTHER RECEIVABLES | 2,427,510. | | | | | | 2,427,510. | |
| PREPAID FEDERAL TAX | 1,550,000. | | | | | | 1,550,000. | |
| TOTAL OTHER CURRENT ASSETS | 8,054,808. | | | 881,744. | | | 6,930,042. | 243,022. |

SCHEDULE L

COMBINED OTHER INVESTMENTS

STATEMENT 18

| | COMBINED
AMOUNTS | ENERGY
MERCHANT
HOLDING, INC.
13-4104912 | EMC CAPITAL
CORP
51-0383350 | POWERINE OIL
COMPANY
95-4564080 | ANGLO
PETROLEUM
CORPORATION
95-4059009 | CORPORATE
DEVELOPMENT,
INC.
13-3817433 | ENERGY
MERCHANT CORP
13-3855623 | ENERGY
MERCHANT
MANAGEMENT CO.,
LLC
13-4146881 |
|-------------------------|---------------------|---|-----------------------------------|---------------------------------------|---|---|---------------------------------------|--|
| ADVEST | 2,079,519. | | 2,079,519. | | | | | |
| DESIGN-ARCHITECTURE.COM | 250,000. | | | | | | 250,000. | |
| DUE FROM AFFILIATES | 8,027,659. | | 8,027,659. | | | | | |
| EM INVESTORS FUND LLC | 1,292,042. | | 1,292,042. | | | | | |
| EM LLC | 14,277,358. | 14,277,358. | | | | | | |
| EMC CAPITAL CORP | 11,416,992. | 11,416,992. | | | | | | |
| EMC HANDLES GMBH | 218,388. | | | | | | 218,388. | |
| EMH INC | 24,965,626. | | | | | | 24,965,626. | |
| EMS LLC - SPC | 100,000. | 100,000. | | | | | | |
| MARGIN ACCOUNTS | 17,772. | | 17,772. | | | | | |
| POWERINE OIL COMPANY | 1,000,000. | | | | | | 1,000,000. | |
| WT LLC | -828,723. | -828,723. | | | | | | |
| TOTAL OTHER INVESTMENTS | 62,816,633. | 24,965,627. | 11,416,992. | | | | 26,434,014. | |

SCHEDULE L

COMBINED OTHER ASSETS

STATEMENT 19

| COMBINED
AMOUNTS | ENERGY
MERCHANT
HOLDING, INC. | EMC CAPITAL
CORP | POWERINE OIL
COMPANY | ANGLO
PETROLEUM
CORPORATION | CORPORATE
DEVELOPMENT,
INC. | ENERGY
MERCHANT CORP | ENERGY
MERCHANT
MANAGEMENT CO.,
LLC |
|---------------------|-------------------------------------|---------------------|-------------------------|-----------------------------------|-----------------------------------|-------------------------|--|
| | 13-4104912 | 51-0383350 | 95-4564080 | 95-4059009 | 13-3817433 | 13-3855623 | 13-4146881 |
| DEPOSITS | 60,000. | | | | | 60,000. | |
| TOTAL OTHER ASSETS | 60,000. | | | | | 60,000. | |

| CHEDULE L | | OTHER CURRENT LIABILITIES | | | | | | STATEMENT | 20 |
|---------------------------------|--|---------------------------|-------------------------------------|---------------------|-------------------------|-----------------------------------|-----------------------------------|-------------------------|--|
| | | COMBINED
AMOUNTS | ENERGY
MERCHANT
HOLDING, INC. | EMC CAPITAL
CORP | POWERINE OIL
COMPANY | ANGLO
PETROLEUM
CORPORATION | CORPORATE
DEVELOPMENT,
INC. | ENERGY
MERCHANT CORP | ENERGY
MERCHANT
MANAGEMENT CO.,
LLC |
| | | | 13-4104912 | 51-0383350 | 95-4564080 | 95-4059009 | 13-3817433 | 13-3855623 | 13-4146881 |
| ASSIGNED PAYABLES | | 3,340,023. | | | 3,340,023. | | | | |
| DUE TO AFFILIATES | | 9,244,066. | | | | | | 9,244,066. | |
| DUE TO EMC | | 433,843. | | | | | | | 433,843. |
| ENVIRONMENTAL TAXES | | 349,237. | | | 349,237. | | | | |
| TOTAL OTHER CURRENT LIABILITIES | | 13,367,169. | | | 3,689,260. | | | 9,244,066. | 433,843. |

SCHEDULE L

COMBINED OTHER LIABILITIES

STATEMENT

21

| COMBINED
AMOUNTS | ENERGY
MERCHANT
HOLDING, INC. | EMC CAPITAL
CORP | POWERINE OIL
COMPANY | ANGLO
PETROLEUM
CORPORATION | CORPORATE
DEVELOPMENT,
INC. | ENERGY
MERCHANT CORP | ENERGY
MERCHANT
MANAGEMENT CO.,
LLC |
|-------------------------|-------------------------------------|---------------------|-------------------------|-----------------------------------|-----------------------------------|-------------------------|--|
| | 13-4104912 | 51-0383350 | 95-4564080 | 95-4059009 | 13-3817433 | 13-3855623 | 13-4146881 |
| EPA LIABILITIES | 8,487,170. | | 8,487,170. | | | | |
| TOTAL OTHER LIABILITIES | 8,487,170. | | 8,487,170. | | | | |

Statement of Consolidated Ending Balance Sheet

Name

ENERGY MERCHANT CORP AND
SUBSIDIARIES

Employer identification number

13-3855623

| Assets | Schedule
Reference | Combined
Amounts | Consolidated
Adjustments | Consolidated
Amounts |
|---|-----------------------|---------------------|-----------------------------|-------------------------|
| Cash | | 1,089,362. | | 1,089,362. |
| Trade notes and accounts receivable | | | | |
| Less allowance for bad debts | | | | |
| Inventories | | | | |
| U.S. government obligations | | | | |
| Tax-exempt securities | | | | |
| Other current assets | | 9,561,041. | -13165468. | -3,604,427. |
| Loans to stockholders | | 200. | -200. | 0. |
| Mortgage and real estate loans | | | | |
| Other investments | | 59,135,801. | -34878479. | 24,257,322. |
| Buildings and other depreciable assets | | 590,257. | | 590,257. |
| Less accumulated depreciation | | 211,727. | | 211,727. |
| Depletable assets | | | | |
| Less accumulated depletion | | | | |
| Land (net of any amortization) | | | | |
| Intangible assets (amortizable only) | | | | |
| Less accumulated amortization | | | | |
| Other assets | | 155,699. | | 155,699. |
| Total Assets | | 70,320,633. | | 22,276,486. |
| Liabilities and Stockholders' Equity | | | | |
| Accounts payable | | 82,226. | | 82,226. |
| Mortgages, notes, bonds payable in less than 1 year | | | | |
| Other current liabilities | | 17,653,729. | -13165468. | 4,488,261. |
| Loans from stockholders | | 250,000. | | 250,000. |
| Mortgages, notes, bonds payable in 1 year or more | | | | |
| Other liabilities | | 8,487,170. | | 8,487,170. |
| Capital stock: a Preferred stock | | | | |
| b Common stock | | 4,350,701. | -1,000,701. | 3,350,000. |
| Additional paid-in capital | | 20,800,182. | -20450482. | 349,700. |
| Retained earnings - Appropriated | | | | |
| Retained earnings - Unappropriated | | 19,396,625. | -13427496. | 5,969,129. |
| Adjustments to shareholders' equity | | | | |
| Less cost of treasury stock | | 700,000. | | 700,000. |
| Total Liabilities and Stockholders' Equity | | 70,320,633. | | 22,276,486. |

SCHEDULE OF COMBINED ENDING BALANCE SHEET

| | COMBINED
AMOUNTS | ENERGY
MERCHANT
HOLDING, INC.
13-4104912 | EMC CAPITAL
CORP
51-0383350 | POWERINE OIL
COMPANY
95-4564080 | ANGLO
PETROLEUM
CORPORATION
95-4059009 | CORPORATE
DEVELOPMENT,
INC.
13-3817433 | ENERGY
MERCHANT CORP
13-3855623 | ENERGY
MERCHANT
MANAGEMENT
CO., LLC
13-4146881 |
|---|---------------------|---|-----------------------------------|---------------------------------------|---|---|---------------------------------------|--|
| Assets | | | | | | | | |
| Cash | 1,089,362. | | | -1. | | | 1,088,867. | 496. |
| Trade notes and accounts receivable | | | | | | | | |
| Less allowance for bad debts | | | | | | | | |
| Inventories | | | | | | | | |
| U.S. government obligations | | | | | | | | |
| Tax-exempt securities | | | | | | | | |
| Other current assets STATEMENT 22 | 9,561,041. | | | 881,745. | | | 7,703,908. | 975,388. |
| Loans to stockholders | 200. | | | | 100. | 100. | | |
| Mortgage and real estate loans | | | | | | | | |
| Other investments STATEMENT 23 | 59,135,801. | 22,851,496. | 11,964,421. | | | | 24,319,884. | |
| Buildings and other depreciable assets | 590,257. | | | | | | 590,257. | |
| Less accumulated depreciation | 211,727. | | | | | | 211,727. | |
| Depletable assets | | | | | | | | |
| Less accumulated depletion | | | | | | | | |
| Land (net of any amortization) | | | | | | | | |
| Intangible assets (amortizable only) | | | | | | | | |
| Less accumulated amortization | | | | | | | | |
| Other assets STATEMENT 24 | 155,699. | | | | | | 155,699. | |
| Total Assets | 70,320,633. | 22,851,496. | 11,964,421. | 881,744. | 100. | 100. | 33,646,888. | 975,884. |
| Liabilities and Stockholders' Equity | | | | | | | | |
| Accounts payable | 82,226. | | | | | | 82,226. | |
| Mortgages, notes, bonds payable in less than 1 year | | | | | | | | |
| Other current liabilities STATEMENT 25 | 17,653,729. | | 786,235. | 3,689,260. | | | 12,051,145. | 1,127,089. |
| Loans from stockholders | 250,000. | | | | | | 250,000. | |
| Mortgages, notes, bonds payable in 1 year or more | | | | | | | | |
| Other liabilities STATEMENT 26 | 8,487,170. | | | 8,487,170. | | | | |
| Capital stock: a Preferred stock | | | | | | | | |
| b Common stock | 4,350,701. | 500. | 1,000,000. | 1. | 100. | 100. | 3,350,000. | |
| Additional paid-in capital | 20,800,182. | 19,450,483. | | 999,999. | | | 349,700. | |
| Retained earnings - Apportioned | | | | | | | | |
| Retained earnings - Unappropriated | 19,396,625. | 3,400,513. | 10,178,186. | -12,294,686. | | | 18,263,817. | -151,205. |
| Adjustments to shareholders' equity | | | | | | | | |
| Less cost of treasury stock | 700,000. | | | | | | 700,000. | |
| Total Liabilities and Stockholders' Equity | 70,320,633. | 22,851,496. | 11,964,421. | 881,744. | 100. | 100. | 33,646,888. | 975,884. |

| SCHEDULE L | COMBINED OTHER CURRENT ASSETS | | | | | | | STATEMENT | 22 |
|----------------------------|-------------------------------|-------------------------------------|---------------------|-------------------------|-----------------------------------|-----------------------------------|-------------------------|--|----|
| | COMBINED
AMOUNTS | ENERGY
MERCHANT
HOLDING, INC. | EMC CAPITAL
CORP | POWERINE OIL
COMPANY | ANGLO
PETROLEUM
CORPORATION | CORPORATE
DEVELOPMENT,
INC. | ENERGY
MERCHANT CORP | ENERGY
MERCHANT
MANAGEMENT CO.,
LLC | |
| | | 13-4104912 | 51-0383350 | 95-4564080 | 95-4059009 | 13-3817433 | 13-3855623 | 13-4146881 | |
| MA PREPAID TAXES | 75,401. | | | | | | 75,401. | | |
| DUE FROM AFFILIATES | 881,745. | | | 881,745. | | | | | |
| DUE FROM AFFILIATES | 3,208,497. | | | | | | 3,208,497. | | |
| DUE FROM EMAC | 975,388. | | | | | | | 975,388. | |
| OTHER RECEIVABLES | 2,420,010. | | | | | | 2,420,010. | | |
| PREPAID FEDERAL TAX | 2,000,000. | | | | | | 2,000,000. | | |
| TOTAL OTHER CURRENT ASSETS | 9,561,041. | | | 881,745. | | | 7,703,908. | 975,388. | |

SCHEDULE L

COMBINED OTHER INVESTMENTS

STATEMENT 23

| | COMBINED
AMOUNTS | ENERGY
MERCHANT
HOLDING, INC.
13-4104912 | EMC CAPITAL
CORP
51-0383350 | POWERINE OIL
COMPANY
95-4564080 | ANGLO
PETROLEUM
CORPORATION
95-4059009 | CORPORATE
DEVELOPMENT,
INC.
13-3817433 | ENERGY
MERCHANT CORP
13-3855623 | ENERGY
MERCHANT
MANAGEMENT CO.,
LLC
13-4146881 |
|-------------------------|---------------------|---|-----------------------------------|---------------------------------------|---|---|---------------------------------------|--|
| DESIGN-ARCHITECTURE.COM | 250,000. | | | | | | 250,000. | |
| UE FROM AFFILIATES | 11,156,634. | | 11,156,634. | | | | | |
| M ADVISORY CO LLC | -97,540. | | -97,540. | | | | | |
| M INVESTORS FUND LLC | 820,374. | | 820,374. | | | | | |
| M LLC | 13,116,031. | 13,116,031. | | | | | | |
| M MGMT CO LLC | -151,205. | | -151,205. | | | | | |
| MC CAPITAL CORP | 11,178,187. | 11,178,187. | | | | | | |
| MC HANDLES GMBH | 218,388. | | | | | | 218,388. | |
| MH INC | 22,851,496. | | | | | | 22,851,496. | |
| MS LLC - SPC | 100,000. | 100,000. | | | | | | |
| MARGIN ACCOUNTS | 236,158. | | 236,158. | | | | | |
| POWERINE OIL COMPANY | 1,000,000. | | | | | | 1,000,000. | |
| PT LLC | -1,542,722. | -1,542,722. | | | | | | |
| TOTAL OTHER INVESTMENTS | 59,135,801. | 22,851,496. | 11,964,421. | | | | 24,319,884. | |

SCHEDULE L COMBINED OTHER ASSETS STATEMENT 24

| | COMBINED
AMOUNTS | ENERGY
MERCHANT
HOLDING, INC. | EMC CAPITAL
CORP | POWERINE OIL
COMPANY | ANGLO
PETROLEUM
CORPORATION | CORPORATE
DEVELOPMENT,
INC. | ENERGY
MERCHANT CORP | ENERGY
MERCHANT
MANAGEMENT CO.,
LLC |
|--------------------|---------------------|-------------------------------------|---------------------|-------------------------|-----------------------------------|-----------------------------------|-------------------------|--|
| | | 13-4104912 | 51-0383350 | 95-4564080 | 95-4059009 | 13-3817433 | 13-3855623 | 13-4146881 |
| DEPOSITS | 155,699. | | | | | | 155,699. | |
| TOTAL OTHER ASSETS | 155,699. | | | | | | 155,699. | |

SCHEDULE L

OTHER CURRENT LIABILITIES

STATEMENT 25

| | COMBINED
AMOUNTS | ENERGY
MERCHANT
HOLDING, INC.
13-4104912 | EMC CAPITAL
CORP
51-0383350 | POWERINE OIL
COMPANY
95-4564080 | ANGLO
PETROLEUM
CORPORATION
95-4059009 | CORPORATE
DEVELOPMENT,
INC.
13-3817433 | ENERGY
MERCHANT CORP
13-3855623 | ENERGY
MERCHANT
MANAGEMENT CO.,
LLC
13-4146881 |
|---------------------------------|---------------------|---|-----------------------------------|---------------------------------------|---|---|---------------------------------------|--|
| ACCRUED EXPENSES | 12,766. | | | | | | 12,766. | |
| ASSIGNED PAYABLES | 3,340,023. | | | 3,340,023. | | | | |
| DUE TO AFFILIATES | 12,038,379. | | | | | | 12,038,379. | |
| DUE TO EMAC | 786,235. | | 786,235. | | | | | |
| DUE TO EMC | 1,127,089. | | | | | | | 1,127,089. |
| ENVIRONMENTAL TAXES | 349,237. | | | 349,237. | | | | |
| TOTAL OTHER CURRENT LIABILITIES | 17,653,729. | | 786,235. | 3,689,260. | | | 12,051,145. | 1,127,089. |

| CHEDULE L | | COMBINED OTHER LIABILITIES | | | | | | STATEMENT | 26 |
|-------------------------|--|----------------------------|-------------------------------------|---------------------|-------------------------|-----------------------------------|-----------------------------------|-------------------------|--|
| | | COMBINED
AMOUNTS | ENERGY
MERCHANT
HOLDING, INC. | EMC CAPITAL
CORP | POWERINE OIL
COMPANY | ANGLO
PETROLEUM
CORPORATION | CORPORATE
DEVELOPMENT,
INC. | ENERGY
MERCHANT CORP | ENERGY
MERCHANT
MANAGEMENT CO.,
LLC |
| | | | 13-4104912 | 51-0383350 | 95-4564080 | 95-4059009 | 13-3817433 | 13-3855623 | 13-4146881 |
| PA LIABILITIES | | 8,487,170. | | | 8,487,170. | | | | |
| TOTAL OTHER LIABILITIES | | 8,487,170. | | | 8,487,170. | | | | |

Statement of Consolidated Schedules M-1 and M-2

Name
ENERGY MERCHANT CORP AND
SUBSIDIARIES

Employer identification number

13-3855623

| Schedule
M-1 | Reconciliation of
Income per Books with
Income per Return | Schedule
Reference | Combined
Amounts | Consolidated
Adjustments | Consolidated
Amounts |
|-----------------|---|-----------------------|---------------------|-----------------------------|-------------------------|
| | Net income per books | | -6,071,361. | | -3,789,014. |
| | Federal income tax | | -2,000,000. | | -2,000,000. |
| | Excess of capital losses over capital gains | | 413,339. | | 413,339. |
| | Income subject to tax not recorded on books
this year | | | | |
| | Expenses recorded on books this year not deducted
in this return (itemize): | | | | |
| | Depreciation | | 27,965. | | 27,965. |
| | Contributions carryover | | 1,020. | | 1,020. |
| | Travel and entertainment | | 120,822. | | 120,822. |
| | Other | | 2,168,690. | | 2,168,690. |
| | Total Increases | | -5,339,525. | | -3,057,178. |
| | Income recorded on books this year not included
in this return (itemize): | | | | |
| | Tax-exempt interest | | | | |
| | Other | | 2,950,736. | | 2,950,736. |
| | Deductions in this tax return not charged against
book income this year (itemize): | | | | |
| | Depreciation | | 8,206. | | 8,206. |
| | Contributions carryover | | | | |
| | Other | | 190,821. | | 190,821. |
| | Total Decreases | | 3,149,763. | | 3,149,763. |
| | Taxable Income | | -8,489,288. | | -6,206,941. |
| Schedule
M-2 | Analysis of
Unappropriated
Retained Earnings
per Books | | | | |
| | Balance at beginning of year | | 25,467,986. | -15919196. | 9,548,790. |
| | Net income per books | | -6,071,361. | | -3,789,014. |
| | Other increases | | | 209,353. | 209,353. |
| | Total Increases | | 19,396,625. | | 5,969,129. |
| | Distributions: Cash | | | | |
| | Stock | | | | |
| | Property | | | | |
| | Other decreases | | | | |
| | Total Decreases | | | | |
| | Balance at End of Year | | 19,396,625. | | 5,969,129. |

SCHEDULE OF COMBINED SCHEDULES M-1 AND M-2

| | COMBINED
AMOUNTS | ENERGY
MERCHANT
HOLDING, INC.
13-4104912 | EMC CAPITAL
CORP
51-0383350 | POWERINE OIL
COMPANY
95-4564080 | ANGLO
PETROLEUM
CORPORATION
95-4059009 | CORPORATE
DEVELOPMENT,
INC.
13-3817433 | ENERGY
MERCHANT CORP
13-3855623 | ENERGY
MERCHANT
MANAGEMENT-
CO., LLC
13-4146881 |
|---|---------------------|---|-----------------------------------|---------------------------------------|---|---|---------------------------------------|---|
| Schedule M-1 | | | | | | | | |
| Net income per books | -6,071,361. | -2,101,691. | -238,806. | | | | -3,770,480. | 39,616. |
| Federal income tax | -2,000,000. | | | | | | -2,000,000. | |
| Excess of capital losses over capital gains | 413,339. | 228,419. | 184,920. | | | | | |
| Income subject to tax not recorded on books
this year (itemize): SEE STATEMENT 27 | | | | | | | | |
| Expenses recorded on books this year not
deducted in this return (itemize): | | | | | | | | |
| Depreciation | 27,965. | | | | | | 27,965. | |
| Contribution carryover | 1,020. | 1,020. | | | | | | |
| Travel and entertainment | 120,822. | 8,375. | | | | | 92,274. | 20,173. |
| Other SEE STATEMENT 28 | 2,168,690. | 48,137. | 18,531. | | | | 2,102,022. | |
| Total Increases | -5,339,525. | -1,815,740. | -35,355. | | | | -3,548,219. | 59,789. |
| Income recorded on books this year not
included in this return (itemize): | | | | | | | | |
| Tax-exempt interest | | | | | | | | |
| Other SEE STATEMENT 29 | 2,950,736. | 2,950,736. | | | | | | |
| Deductions in this tax return not charged
against book income this year (itemize): | | | | | | | | |
| Depreciation | 8,206. | 8,206. | | | | | | |
| Contribution carryover | | | | | | | | |
| Other SEE STATEMENT 30 | 190,821. | | | | | | 190,821. | |
| Total Decreases | 3,149,763. | 2,958,942. | | | | | 190,821. | |
| Taxable Income | -8,489,288. | -4,774,682. | -35,355. | | | | -3,739,040. | 59,789. |
| Schedule M-2 | | | | | | | | |
| Balance at beginning of year | 25,467,986. | 5,502,204. | 10,416,992. | -12,294,686. | | | 22,034,297. | -190,821. |
| Net income per books | -6,071,361. | -2,101,691. | -238,806. | | | | -3,770,480. | 39,616. |
| Other increases | | | | | | | | |
| Total Increases | 19,396,625. | 3,400,513. | 10,178,186. | -12,294,686. | | | 18,263,817. | -151,205. |
| Distributions: Cash | | | | | | | | |
| Stock | | | | | | | | |
| Property | | | | | | | | |
| Other decreases | | | | | | | | |
| Total Decreases | | | | | | | | |
| Balance at End of Year | 19,396,625. | 3,400,513. | 10,178,186. | -12,294,686. | | | 18,263,817. | -151,205. |

SCHEDULE M-1

COMBINED INCOME NOT RECORDED ON BOOKS

STATEMENT 27

| COMBINED
AMOUNTS | ENERGY
MERCHANT
HOLDING, INC. | EMC CAPITAL
CORP | POWERINE OIL
COMPANY | ANGLO
PETROLEUM
CORPORATION | CORPORATE
DEVELOPMENT,
INC. | ENERGY
MERCHANT CORP | ENERGY
MERCHANT
MANAGEMENT CO.,
LLC |
|---------------------|-------------------------------------|---------------------|-------------------------|-----------------------------------|-----------------------------------|-------------------------|--|
| | 13-4104912 | 51-0383350 | 95-4564080 | 95-4059009 | 13-3817433 | 13-3855623 | 13-4146881 |

2000 CAPITAL GAIN

2000 UNREALIZED GAINS

TOTAL INCOME NOT RECORDED ON BOOKS

CHEDULE M-1

COMBINED EXPENSES NOT DEDUCTED IN RETURN

STATEMENT - 28

| | COMBINED
AMOUNTS | ENERGY
MERCHANT
HOLDING, INC.
13-4104912 | EMC CAPITAL
CORP
51-0383350 | POWERINE OIL
COMPANY
95-4564080 | ANGLO
PETROLEUM
CORPORATION
95-4059009 | CORPORATE
DEVELOPMENT,
INC.
13-3817433 | ENERGY
MERCHANT CORP
13-3855623 | ENERGY
MERCHANT
MANAGEMENT CO.,
LLC
13-4146881 |
|------------------------------|---------------------|---|-----------------------------------|---------------------------------------|---|---|---------------------------------------|--|
| NET LOSSES OF SUBSIDIARIES | 2,095,839. | | | | | | 2,095,839. | |
| NET LOSSES OF SUBSIDIARIES | 35,353. | 35,353. | | | | | | |
| ASSTHROUGH - EML | 12,784. | 12,784. | | | | | | |
| PRIOR YEAR DEDUCTIONS | 18,531. | | 18,531. | | | | | |
| SALE OF ASSET ADJUSTMENT | 6,183. | | | | | | 6,183. | |
| TOTAL EXPENSES NOT IN RETURN | 2,168,690. | 48,137. | 18,531. | | | | 2,102,022. | |

| SCHEDULE M-1 | COMBINED INCOME NOT INCLUDED IN RETURN | | | | | | | STATEMENT 29 |
|-------------------------------------|--|-------------------------------------|---------------------|-------------------------|-----------------------------------|-----------------------------------|-------------------------|--|
| | COMBINED
AMOUNTS | ENERGY
MERCHANT
HOLDING, INC. | EMC CAPITAL
CORP | POWERINE OIL
COMPANY | ANGLO
PETROLEUM
CORPORATION | CORPORATE
DEVELOPMENT,
INC. | ENERGY
MERCHANT CORP | ENERGY
MERCHANT
MANAGEMENT CO.,
LLC |
| | | 13-4104912 | 51-0383350 | 95-4564080 | 95-4059009 | 13-3817433 | 13-3855623 | 13-4146881 |
| GAIN ON SPC NOTE REC | 2,950,000. | 2,950,000. | | | | | | |
| SALE OF ASSET ADJUSTMENT | 736. | 736. | | | | | | |
| TOTAL INCOME NOT INCLUDED IN RETURN | 2,950,736. | 2,950,736. | | | | | | |

| SCHEDULE M-1 | COMBINED DEDUCTIONS NOT ON BOOKS | | | | | | | STATEMENT 30 |
|-------------------------------|----------------------------------|-------------------------------------|---------------------|-------------------------|-----------------------------------|-----------------------------------|-------------------------|--|
| | COMBINED
AMOUNTS | ENERGY
MERCHANT
HOLDING, INC. | EMC CAPITAL
CORP | POWERINE OIL
COMPANY | ANGLO
PETROLEUM
CORPORATION | CORPORATE
DEVELOPMENT,
INC. | ENERGY
MERCHANT CORP | ENERGY
MERCHANT
MANAGEMENT CO.,
LLC |
| | | 13-4104912 | 51-0383350 | 95-4564080 | 95-4059009 | 13-3817433 | 13-3855623 | 13-4146881 |
| MMC LLC 2001 | 190,821. | | | | | | 190,821. | |
| TOTAL DEDUCTIONS NOT ON BOOKS | 190,821. | | | | | | 190,821. | |

Statement of Consolidated Dividend Income

Name

Employer identification number

**ENERGY MERCHANT CORP AND
SUBSIDIARIES**

13-3855623

| Dividends | Schedule
Reference | Combined
Amounts | Consolidated
Adjustments | Consolidated
Amounts |
|--|-------------------------------|-----------------------------|-------------------------------------|---------------------------------|
| Dividends from less-than-20%-owned domestic corporations that are subject to the 70% deduction (other than debt-financed stock) | | | | |
| Dividends from 20%-or-more-owned domestic corporations that are subject to the 80% deduction (other than debt-financed stock) | | | | |
| Dividends on debt-financed stock of domestic and foreign corporations (section 246A) | | | | |
| Dividends on certain preferred stock of less-than-20%-owned public utilities | | | | |
| Dividends on certain preferred stock of 20%-or-more-owned public utilities | | | | |
| Dividends from less-than-20%-owned foreign corporations and certain FSCs that are subject to the 70% deduction | | | | |
| Dividends from 20%-or-more-owned foreign corporations and certain FSCs that are subject to the 80% deduction | | | | |
| Dividends from wholly owned foreign subsidiaries subject to the 100% deduction (section 245(b)) | | | | |
| Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958 | | | | |
| Dividends from certain FSCs that are subject to the 100% deduction (section 245(c)(1)) | | | | |
| Dividends from affiliated group members subject to the 100% deduction (section 243(a)(3)) | | 39,617. | -39,617. | 0. |
| Other dividends from foreign corporations not included above | | | | |
| Income from controlled foreign corporations under subpart F | | | | |
| Foreign dividend gross-up (section 78) | | | | |
| IC-DISC and former DISC dividends not included above | | | | |
| Other dividends | | | | |
| Total Dividends | | 39,617. | | 0. |

SCHEDULE OF COMBINED DIVIDEND INCOME

| COMBINED
AMOUNTS | ENERGY
MERCHANT
HOLDING, INC.
13-4104912 | EMC CAPITAL
CORP
51-0383350 | POWERINE OIL
COMPANY
95-4564080 | ANGLO
PETROLEUM
CORPORATION
95-4059009 | CORPORATE
DEVELOPMENT,
INC.
13-3817433 | ENERGY
MERCHANT CORP
13-3855623 | ENERGY
MERCHANT
MANAGEMENT
CO., LLC
13-4146881 |
|--|---|-----------------------------------|---------------------------------------|---|---|---------------------------------------|--|
| Dividend Income | | | | | | | |
| Dividends from less-than-20%-owned domestic corporations that are subject to the 70% deduction (other than debt-financed stock) | | | | | | | |
| Dividends from less-than-20%-owned domestic corporations that are subject to the 80% deduction (other than debt-financed stock) | | | | | | | |
| Dividends on debt-financed stock of domestic and foreign corporations (section 246A) | | | | | | | |
| Dividends on certain preferred stock of less-than-20%-owned public utilities | | | | | | | |
| Dividends on certain preferred stock of 20%-or-more-owned public utilities | | | | | | | |
| Dividends from less-than-20%-owned foreign corporations and certain FSCs that are subject to the 70% deduction | | | | | | | |
| Dividends from 20%-or-more-owned foreign corporations and certain FSCs that are subject to the 80% deduction | | | | | | | |
| Dividends from wholly owned foreign subsidiaries subject to the 100% deduction (section 245(b)) | | | | | | | |
| Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958 | | | | | | | |
| Dividends from certain FSCs that are subject to the 100% deduction (section 245(c)(1)) | | | | | | | |
| Dividends from affiliated group members subject to the 100% deduction (section 243(a)(3)) | 39,617. | 39,617. | | | | | |
| Other dividends from foreign corporations not included above | | | | | | | |
| Income from controlled foreign corporations under subpart F | | | | | | | |
| Foreign dividend gross-up (section 78) | | | | | | | |
| IC-DISC and former DISC dividends not included above | | | | | | | |
| Other dividends | | | | | | | |
| Total Dividends | 39,617. | 39,617. | | | | | |

Statement of Consolidated Alternative Minimum Tax

Name

ENERGY MERCHANT CORP AND
SUBSIDIARIES

Employer identification number

13-3855623

| Alternative Minimum Taxable
Income | Schedule
Reference | Combined
Amounts | Consolidated
Adjustments | Consolidated
Amounts |
|--|-----------------------|---------------------|-----------------------------|-------------------------|
| Taxable income or (loss) before NOL deduction | | -8,528,905. | | -6,206,941. |
| Adjustments and Preferences | | | | |
| Depreciation of tangible property | | 2,455. | | 2,455. |
| Amortization of certified pollution control facilities | | | | |
| Amortization of mining exploration and development costs | | | | |
| Amortization of circulation expenditures | | | | |
| Basis adjustments | | -476. | | -476. |
| Long-term contracts entered into after Feb. 28, 1986 | | | | |
| Installment sales of certain property | | | | |
| Merchant marine capital construction funds | | | | |
| Section 833(b) deduction | | | | |
| Tax shelter farm activities | | | | |
| Passive activities | | | | |
| Certain loss limitations | | | | |
| Depletion | | | | |
| Private activity bonds issued after August 7, 1986 | | | | |
| Intangible drilling costs | | | | |
| Accelerated depreciation of real property | | | | |
| Accelerated depreciation of leased personal property | | | | |
| Other adjustments | | | | |
| Total Adjustment
and Preference Items | | 1,979. | | 1,979. |
| Pre-adjustment AMTI | | -8,526,926. | | -6,204,962. |
| Adjusted current earnings adjustment | | 48,386. | | 48,386. |
| Combine pre-adjustment AMTI and above amount | | -8,478,540. | | -6,156,576. |
| Alternative tax NOL deduction | STMT 31 | | | |
| Alternative Minimum
Taxable Income | | -8,478,540. | | -6,156,576. |

AMT NET OPERATING LOSS ADJUSTMENT

STATEMENT 31

100% CONSOLIDATED AMT TAXABLE INCOME
BEFORE NOL DEDUCTION

-6,156,576.

| | SEPARATE
COMPANY
AMT INCOME | TOTAL
AMT NOL
AVAILABLE | TOTAL
AMT NOL
AFTER SRLY
LIMITATION | TOTAL
AMT NOL
DEDUCTED | REMAINING AMT
TAXABLE INCOME
AFTER NOL
DEDUCTION |
|---------------------------------|-----------------------------------|-------------------------------|--|------------------------------|---|
| YEAR END | 12/31/01 | ENERGY MERCHANT HOLDING, INC. | | | |
| NON-SRLY | | 2,215,591. | 2,215,591. | 0. | |
| | | POWERINE OIL COMPANY | | | |
| NON-SRLY | | 800. | 800. | 0. | |
| | | ENERGY MERCHANT CORP | | | |
| NON-SRLY | | 3,895,531. | 3,895,531. | 0. | |
| SUBTOTAL | | | 6,111,922. | 0. | |
| CONSOLIDATED AMT NOL DEDUCTION | | | 0. | | |
| COMBINED AMT NOL DEDUCTION | | | 0. | | |
| CONSOLIDATED AMT NOL ADJUSTMENT | | | 0. | | |

ALLOCATION OF CURRENT CONSOLIDATED AMT NET
OPERATING LOSS TO MEMBER CORPORATIONS

STATEMENT 32

| CURRENT
CONSOLIDATED
AMT NOL | X | MEMBER'S
CURRENT
AMT NOL | / | TOTAL OF ALL
MEMBERS
WITH AMT NOL | = | AMT
NOL ALLOCATED
TO THIS
COMPANY |
|------------------------------------|---|--------------------------------|---|---|---|--|
| 12/31/02 | | ENERGY MERCHANT HOLDING, INC. | | | | |
| 6,156,576. | | 4,772,703. | | 8,538,329. | | 3,441,365. |
| 12/31/02 | | EMC CAPITAL CORP | | | | |
| 6,156,576. | | 74,972. | | 8,538,329. | | 54,059. |
| 12/31/02 | | ENERGY MERCHANT CORP | | | | |
| 6,156,576. | | 3,690,654. | | 8,538,329. | | 2,661,152. |

AMT CHARITABLE CONTRIBUTION ADJUSTMENT

STATEMENT 33

LIMITATION OF 10% OF AMT TAXABLE INCOME AS ADJUSTED

0.

| | ORIGINAL
CONTRIBUTION | APPLIED
TO DATE | CONTRIBUTION
AVAILABLE | AMOUNT
DEDUCTED | REMAINING
LIMITATION
AFTER
DEDUCTION |
|--|-------------------------------|--------------------|---------------------------|--------------------|---|
| CURRENT YEAR | | | | | |
| | ENERGY MERCHANT HOLDING, INC. | | | | |
| | 1,020. | | 1,020. | 0. | 0. |
| YEAR END | | | | | |
| | 12/31/01 | | | | |
| | ENERGY MERCHANT HOLDING, INC. | | | | |
| | 4,195. | 0. | 4,195. | 0. | 0. |
| AMT CONSOLIDATED CHARITABLE DEDUCTION | | | | 0. | |
| REGULAR CHARITABLE CONTRIBUTION DEDUCTION | | | | 0. | |
| CONSOLIDATED AMT CHARITABLE CONTRIBUTION
ADJUSTMENT TO FORM 4626, LINE 2E | | | | 0. | |

U.S. Corporation Income Tax Return

For calendar year 2001 or tax year

OMB No. 1545-0123

2001

beginning _____, ending _____

A Check if a:

- 1 Consolidated return (attach Form 851) ☒ **X**
2 Personal holding co. (attach Sch. PH) ☐
3 Personal service corp. (as defined in Temp. Regs. sec. 1.441-4T) ☐

Use IRS label. Otherwise, print or type.

Name **ENERGY MERCHANT CORP AND**

SUBSIDIARIES

Number, street, and room or suite no. (If a P.O. box, see page 7 of instructions.)

126 EAST 56TH STREET, 33 FLOOR

City or town, state, and ZIP code

NEW YORK, NY 10022

B Employer identification number

13-3855623

C Date incorporated

06/15/1995

D Total assets (see page 8 of instructions)

E Check applicable boxes: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Name change (4) ☒ Address change

\$ 25,250,404.

| | | | | | | | | | |
|------------|---|--|---|-------------------------------|--|-------|-----|-------------|-------------|
| Income | 1 | a Gross receipts or sales | | b Less returns and allowances | | c Bal | 1c | | |
| | 2 | Cost of goods sold (Schedule A, line 8) | | | | | 2 | | |
| | 3 | Gross profit. Subtract line 2 from line 1c | | | | | 3 | | |
| | 4 | Dividends (Schedule C, line 19) | | | | | 4 | 138. | |
| | 5 | Interest | | | | | 5 | 1,215,755. | |
| | 6 | Gross rents | | | | | 6 | | |
| | 7 | Gross royalties | | | | | 7 | | |
| | 8 | Capital gain net income (attach Schedule D (Form 1120)) | | | | | 8 | 681,452. | |
| | 9 | Net gain or (loss) from Form 4797, Part II, line 18 (attach Form 4797) | | | | | 9 | | |
| | 10 | Other income (attach schedule) | SEE CONSOLIDATED INCOME AND DEDUCTIONS | | | | 10 | -3,005,698. | |
| | 11 | Total income. Add lines 3 through 10 | | | | | 11 | -1,108,353. | |
| Deductions | 12 | Compensation of officers (Schedule E, line 4) | | | | | 12 | 1,324,866. | |
| | 13 | Salaries and wages (less employment credits) | | | | | 13 | 372,900. | |
| | 14 | Repairs and maintenance | | | | | 14 | 3,268. | |
| | 15 | Bad debts | | | | | 15 | | |
| | 16 | Rents | | | | | 16 | 346,567. | |
| | 17 | Taxes and licenses | | | | | 17 | 43,229. | |
| | 18 | Interest | | | | | 18 | 149,975. | |
| | 19 | Charitable contributions | | | | | 19 | | |
| | 20 | Depreciation (attach Form 4562) | 20 | 95,912. | | | | | |
| | 21 | Less depreciation claimed on Schedule A and elsewhere on return | 21a | | | | 21b | 95,912. | |
| | 22 | Depletion | | | | | 22 | | |
| | 23 | Advertising | | | | | 23 | | |
| | 24 | Pension, profit-sharing, etc., plans | | | | | 24 | | |
| | 25 | Employee benefit programs | | | | | 25 | 340,866. | |
| | 26 | Other deductions (attach schedule) | SEE CONSOLIDATED INCOME AND DEDUCTIONS | | | | 26 | 1,797,139. | |
| | 27 | Total deductions. Add lines 12 through 26 | | | | | 27 | 4,474,722. | |
| | 28 | Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11 | | | | | | 28 | -5,583,075. |
| | Tax and Payments | 29 | Less: a Net operating loss (NOL) deduction | 29a | | | | | |
| | | b Special deductions (Schedule C, line 20) | 29b | | | | 29c | | |
| 30 | | Taxable income. Subtract line 29c from line 28 | | | | | 30 | -5,583,075. | |
| 31 | | Total tax (Schedule J, line 11) | | | | | 31 | 0. | |
| 32 | | Payments: a 2000 overpayment credited to 2001 | 32a | | | | | | |
| | | b 2001 estimated tax payments Less 2001 refund applied for on Form 4466 | 32b | | | | | | |
| | | c | 32c | | | | | | |
| | | d Bal | 32d | | | | | | |
| | | e Tax deposited with Form 7004 | 32e | | | | | | |
| | | f Credit for tax paid on undistributed capital gains (attach Form 2439) | 32f | | | | | | |
| | g Credit for Federal tax on fuels (attach Form 4136) | 32g | | | | 32h | | | |
| 33 | Estimated tax penalty. Check if Form 2220 is attached | | | | | 33 | | | |
| 34 | Tax due. If line 32h is smaller than the total of lines 31 and 33, enter amount owed | | | | | 34 | 0. | | |
| 35 | Overpayment. If line 32h is larger than the total of lines 31 and 33, enter amount overpaid | | | | | 35 | | | |
| 36 | Enter amount of line 35 you want: Credited to 2002 estimated tax Refunded | | | | | 36 | | | |

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer _____ Date _____ Title _____

May the IRS discuss this return with the preparer shown below?
☒ Yes ☐ No

Paid Preparer's Use Only

Preparer's signature **Chen Muel CPA** Date **10/3/02** Check if self-employed ☐ Preparer's SSN or PTIN **212-70-8799**

Firm's name (or yours if self-employed), address, and ZIP code **K A W G & F, P.A.**
40 YORK ROAD, SUITE 300
BALTIMORE, MARYLAND 21204-5204

EIN **52 1003788**
Phone no. **(410) 828-6432**

Schedule A Cost of Goods Sold (See page 14 of instructions.)

| | | | |
|---|---|---|--|
| 1 | Inventory at beginning of year | 1 | |
| 2 | Purchases | 2 | |
| 3 | Cost of labor | 3 | |
| 4 | Additional section 263A costs (attach schedule) | 4 | |
| 5 | Other costs (attach schedule) | 5 | |
| 6 | Total. Add lines 1 through 5 | 6 | |
| 7 | Inventory at end of year | 7 | |
| 8 | Cost of goods sold. Subtract line 7 from line 6. Enter here and on line 2, page 1 | 8 | |

9 a Check all methods used for valuing closing inventory:

(i) ☐ Cost as described in Regulations section 1.471-3

(ii) ☐ Lower of cost or market as described in Regulations section 1.471-4

(iii) ☐ Other (Specify method used and attach explanation.) ▶

b Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c) ▶ ☐

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶ ☐

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO 9d

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? ☐ Yes ☐ No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? ☐ Yes ☐ No

If "Yes," attach explanation

Schedule C Dividends and Special Deductions

| | (a) Dividends received | (b) % | (c) Special deductions (a) x (b) |
|----|--|------------------|----------------------------------|
| 1 | Dividends from less-than-20%-owned domestic corporations that are subject to the 70% deduction (other than debt-financed stock) | 70 | |
| 2 | Dividends from 20%-or-more-owned domestic corporations that are subject to the 80% deduction (other than debt-financed stock) | 80 | |
| 3 | Dividends on debt-financed stock of domestic and foreign corporations (section 246A) | see instructions | |
| 4 | Dividends on certain preferred stock of less-than-20%-owned public utilities | 42 | |
| 5 | Dividends on certain preferred stock of 20%-or-more-owned public utilities | 48 | |
| 6 | Dividends from less-than-20%-owned foreign corporations and certain FSCs that are subject to the 70% deduction | 70 | |
| 7 | Dividends from 20%-or-more-owned foreign corporations and certain FSCs that are subject to the 80% deduction | 80 | |
| 8 | Dividends from wholly owned foreign subsidiaries subject to the 100% deduction (section 245(b)) | 100 | |
| 9 | Total. Add lines 1 through 8 | | |
| 10 | Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958 | 100 | |
| 11 | Dividends from certain FSCs that are subject to the 100% deduction (section 245(c)(1)) | 100 | |
| 12 | Dividends from affiliated group members subject to the 100% deduction (sec. 243(a)(3)) | 100 | |
| 13 | Other dividends from foreign corporations not included on lines 3, 6, 7, 8, or 11 | | |
| 14 | Income from controlled foreign corporations under subpart F (attach Form(s) 5471) | | |
| 15 | Foreign dividend gross-up (section 78) | | |
| 16 | IC-DISC and former DISC dividends not included on lines 1, 2, or 3 (section 246(d)) | | |
| 17 | Other dividends | | |
| 18 | Deduction for dividends paid on certain preferred stock of public utilities | | |
| 19 | Total dividends. Add lines 1 through 17. Enter here and on line 4, page 1 | | |
| 20 | Total special deductions. Add lines 9, 10, 11, 12, and 18. Enter here and on line 29b, page 1 | | |

Schedule E Compensation of Officers

(See instructions for line 12, page 1.)

Note: Complete Schedule E only if total receipts (line 1a plus lines 4 through 10 on page 1, Form 1120) are \$500,000 or more.

| | (a) Name of officer | (b) Social security number | (c) Percent of time devoted to business | Percent of corporation stock owned | | (f) Amount of compensation |
|---|---|----------------------------|---|------------------------------------|---------------|----------------------------|
| | | | | (d) Common | (e) Preferred | |
| 1 | SIEGRIED HODAPP | 106-52-9250 | 90 | 68.00% | | 747,000. |
| | DANIEL LASMAN | 023-44-1586 | 90 | | | 175,481. |
| | VINCENT PAPA | 070-38-3201 | 90 | 1.00% | | 202,385. |
| | ROBERT WENOM | 500-46-1850 | 90 | | | 200,000. |
| 2 | Total compensation of officers | | | | | 1,324,866. |
| 3 | Compensation of officers claimed on Schedule A and elsewhere on return | | | | | |
| 4 | Subtract line 3 from line 2. Enter the result here and on line 12, page 1 | | | | | 1,324,866. |

Schedule J Tax Computation (See page 16 of instructions.)

| | | | |
|--|--------|---|----|
| 1 Check if the corporation is a member of a controlled group (see sections 1561 and 1563) <input type="checkbox"/> | | | |
| Important: Members of a controlled group, see instructions on page 16. | | | |
| 2a If the box on line 1 is checked, enter the corporation's share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order): | | | |
| (1) \$ | (2) \$ | (3) \$ | |
| b Enter the corporation's share of: | | (1) Additional 5% tax (not more than \$11,750) | \$ |
| | | (2) Additional 3% tax (not more than \$100,000) | \$ |
| 3 Income tax. Check if a qualified personal service corporation under section 448(d)(2) (see page 17) <input type="checkbox"/> | | 3 | 0. |
| 4 Alternative minimum tax (attach Form 4626) | | 4 | |
| 5 Add lines 3 and 4 | | 5 | 0. |
| 6a Foreign tax credit (attach Form 1118) | 6a | | |
| b Possessions tax credit (attach Form 5735) | 6b | | |
| c Check: <input type="checkbox"/> Nonconventional source fuel credit <input type="checkbox"/> QEV credit (attach Form 8834) | 6c | | |
| d General business credit. Check box(es) and indicate which forms are attached.
<input type="checkbox"/> Form 3800 <input type="checkbox"/> Form(s) (specify) ▶ | 6d | | |
| e Credit for prior year minimum tax (attach Form 8827) | 6e | | |
| f Qualified zone academy bond credit (attach Form 8860) | 6f | | |
| 7 Total credits. Add lines 6a through 6f | 7 | | |
| 8 Subtract line 7 from line 5 | 8 | | 0. |
| 9 Personal holding company tax (attach Schedule PH (Form 1120)) | 9 | | |
| 10 Other taxes. Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 <input type="checkbox"/> Form 8697
<input type="checkbox"/> Form 8866 <input type="checkbox"/> Other (attach schedule) | 10 | | |
| 11 Total tax. Add lines 8 through 10. Enter here and on line 31, page 1 | 11 | | 0. |

Schedule K Other Information (See page 19 of instructions.)

| | | | | |
|--|-----|----|--|---|
| 1 Check method of accounting: a <input type="checkbox"/> Cash b <input checked="" type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) ▶ | Yes | No | | |
| 2 See page 21 of the instructions and enter the:
a Business activity code no. ▶ 541990
b Business activity ▶ MANAGEMENT
c Product or service ▶ CONSULTING | | | | |
| 3 At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) If "Yes," attach a schedule showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) taxable income or (loss) before NOL and special deductions of such corporation for the tax year ending with or within your tax year. | X | | | X |
| 4 Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? If "Yes," enter name and EIN of the parent corporation ▶ | | X | | |
| 5 At the end of the tax year, did any individual, partnership, corporation, estate, or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).) STATEMENT 1 If "Yes," attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.) Enter percentage owned ▶ 68.00 | X | | | |
| 6 During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.) If "Yes," file Form 5452, Corporate Report of Nondividend Distributions. | | X | | |
| 7 At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of (a) the total voting power of all classes of stock of the corporation entitled to vote or (b) the total value of all classes of stock of the corporation? If "Yes," enter: (a) Percentage owned ▶ and (b) Owner's country ▶ | | | | |
| c The corporation may have to file Form 5472, Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter number of Forms 5472 attached ▶ | | | | |
| 8 Check this box if the corporation issued publicly offered debt instruments with original issue discount <input type="checkbox"/> If checked, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments. | | | | |
| 9 Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$ | | | | |
| 10 Enter the number of shareholders at the end of the tax year (if 75 or fewer) ▶ 5 | | | | |
| 11 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here <input type="checkbox"/> If the corporation is filing a consolidated return, the statement required by Regulations section 1.1502-21(b)(3)(i) or (ii) must be attached or the election will not be valid. | | | | |
| 12 Enter the available NOL carryover from prior tax years (Do not reduce it by any deduction on line 29a.) ▶ \$ | | | | |

Note: If the corporation, at any time during the tax year, had assets or operated a business in a foreign country or U.S. possession, it may be required to attach Schedule N (Form 1120), Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.

| Schedule L Balance Sheets per Books | | Beginning of tax year | | End of tax year | |
|---|---|-----------------------|-------------|-----------------|---------------|
| Assets | | (a) | (b) | (c) | (d) |
| 1 | Cash | | 596,845. | | 347,931. |
| 2a | Trade notes and accounts receivable | | | | |
| b | Less allowance for bad debts | () | | () | |
| 3 | Inventories | | | | |
| 4 | U.S. government obligations | SEE | | SEE | |
| 5 | Tax-exempt securities | STATEMENT OF | | STATEMENT OF | |
| 6 | Other current assets (Att. Sch.) | CONSOLIDATED | 24,260,910. | CONSOLIDATED | 6,930,041. |
| 7 | Loans to shareholders | BEGINNING | | ENDING | |
| 8 | Mortgage and real estate loans | BALANCE SHEET | | BALANCE SHEET | |
| 9 | Other investments (Att. Sch.) | | 8,304,509. | | 17,406,356. |
| 10a | Buildings and other depreciable assets | 589,523. | | 636,263. | |
| b | Less accumulated depreciation | (40,900) | 548,623. | (130,187) | 506,076. |
| 11a | Depletable assets | | | | |
| b | Less accumulated depletion | () | | () | |
| 12 | Land (net of any amortization) | | | | |
| 13a | Intangible assets (amortizable only) | | | | |
| b | Less accumulated amortization | () | | () | |
| 14 | Other assets (Att. Sch.) | | 60,000. | | 60,000. |
| 15 | Total assets | | 33,770,887. | | 25,250,404. |
| Liabilities and Shareholders' Equity | | | | | |
| 16 | Accounts payable | | | | |
| 17 | Mortgages, notes, bonds payable in less than 1 year | | | | |
| 18 | Other current liabilities (Att. Sch.) | | 14,623,437. | | 4,023,923. |
| 19 | Loans from shareholders | | 195,959. | | |
| 20 | Mortgages, notes, bonds payable in 1 year or more | | | | |
| 21 | Other liabilities (Att. Sch.) | | 8,487,170. | | 8,487,170. |
| 22 | Capital stock: a Preferred stock | | | | |
| b | Common stock | 3,350,000. | 3,350,000. | 3,350,000. | 3,350,000. |
| 23 | Additional paid-in capital | | 756,700. | | 756,700. |
| 24 | Retained earnings - Appropriated (attach schedule) | | | | |
| 25 | Retained earnings - Unappropriated | | 7,057,621. | | 9,739,611. |
| 26 | Adjustments to shareholders' equity (attach schedule) | | | | |
| 27 | Less cost of treasury stock | | (700,000) | | (1,107,000) |
| 28 | Total liabilities and shareholders' equity | | 33,770,887. | | 25,250,404. |

Note: The corporation is not required to complete Schedules M-1 and M-2 if the total assets on line 15, column (d) of Schedule L

are less than \$25,000.

SEE CONSOLIDATED SCHEDULES M-1 AND M-2

| Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return | | |
|--|--|-------------|
| 1 | Net income (loss) per books | 2,681,990. |
| 2 | Federal income tax per books | -1,550,000. |
| 3 | Excess of capital losses over capital gains | |
| 4 | Income subject to tax not recorded on books this year (itemize): | 192,372. |
| 5 | Expenses recorded on books this year not deducted on this return (itemize): | |
| a | Depreciation | |
| b | Charitable contributions | 5,195. |
| c | Travel and entertainment | 83,837. |
| | | 558. |
| 6 | Add lines 1 through 5 | 1,413,952. |
| 7 | Income recorded on books this year not included on this return (itemize): | |
| | Tax-exempt interest \$ | 660,000. |
| 8 | Deductions on this return not charged against book income this year (itemize): | |
| a | Depreciation | 27. |
| b | Charitable contributions | 397,000. |
| | | 397,027. |
| 9 | Add lines 7 and 8 | 6,997,027. |
| 10 | Income (line 28, page 1) - line 6 less line 9 | -5,583,075. |

| Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L) | | |
|--|---|------------|
| 1 | Balance at beginning of year | 7,057,621. |
| 2 | Net income (loss) per books | 2,681,990. |
| 3 | Other increases (itemize): | |
| 4 | Add lines 1, 2, and 3 | 9,739,611. |
| 5 | Distributions: | |
| a | Cash | |
| b | Stock | |
| c | Property | |
| 6 | Other decreases (itemize): | |
| 7 | Add lines 5 and 6 | |
| 8 | Balance at end of year (line 4 less line 7) | 9,739,611. |

RECAP OF PASSTHROUGHS

[illegible]

Form **851**
(Rev. September 2000)
Department of the Treasury
Internal Revenue Service

Affiliations Schedule

File with each consolidated income tax return.

OMB No. 1545-0025

Tax year ending

DECEMBER 31, 2001

Name of common parent corporation

ENERGY MERCHANT CORP

Employer identification number

13-3855623

Number, street, and room or suite no. (If a P.O. box, see instructions.)

126 EAST 56TH STREET, 33 FLOOR

City or town, state, and ZIP code

NEW YORK, NY 10022

Part I Overpayment Credits, Estimated Tax Payments, and Tax Deposits (See instructions.)

| Corp. No. | Name and address of corporation | Employer identification number | Portion of overpayment credits and estimated tax payments | Portion of tax deposited with Form 7004 |
|--|---|--------------------------------|---|---|
| 1 | Common parent corporation | | | |
| | Subsidiary corporations: | | | |
| | ENERGY MERCHANT HOLDING, INC.
126 EAST 56TH STREET, 33 FLOOR | | | |
| 2 | NEW YORK, NY 10022 | 13-4104912 | 0. | 0. |
| | EMC CAPITAL CORP
126 EAST 56TH ST., 33 FLOOR | | | |
| 3 | NEW YORK, NY 10022 | 51-0383350 | 0. | 0. |
| | POWERINE OIL COMPANY
126 EAST 56TH STREET, 33 FLOOR | | | |
| 4 | NEW YORK, NY 10022 | 95-4564080 | 0. | 0. |
| | ANGLO PETROLEUM CORPORATION
126 EAST 56TH STREET, 33 FLOOR | | | |
| 5 | NEW YORK, NY 10022 | 95-4059009 | 0. | 0. |
| | CORPORATE DEVELOPMENT, INC.
126 EAST 56TH ST, 33 FLOOR | | | |
| 6 | NEW YORK, NY 10022 | 13-3817433 | 0. | 0. |
| 7 | | | | |
| 8 | | | | |
| 9 | | | | |
| 10 | | | | |
| Totals (Must equal amounts shown on the consolidated tax return) | | | | |

Part II Principal Business Activity, Voting Stock Information, Etc. (See instructions.)

| Corp. No. | Principal business activity (PBA) | PBA Code No. | Did the subsidiary make any nondividend distributions? | | Stock holdings at beginning of year | | | |
|-----------|---------------------------------------|--------------|--|----|-------------------------------------|-------------------------|------------------|--------------------------|
| | | | Yes | No | Number of shares | Percent of voting power | Percent of value | Owned by corporation no. |
| 1 | Common parent corporation: MANAGEMENT | 541990 | | | | | | |
| | Subsidiary corporations: | | | | | | | |
| 2 | HOLDING COMPANY | 525990 | | X | 500 | 100.00% | 100.00% | 1 |
| 3 | SECURITY TRADER | 523130 | | X | 1,000 | 100.00% | 100.00% | 2 |
| 4 | REFINER | 422700 | | X | 100 | 100.00% | 100.00% | 1 |
| 5 | PETROLEUM TRADER | 422700 | | X | 100 | 100.00% | 100.00% | 1 |
| 6 | HOLDING COMPANY | 525990 | | X | 100 | 100.00% | 100.00% | 1 |
| 7 | | | | | | % | % | |
| 8 | | | | | | % | % | |
| 9 | | | | | | % | % | |
| 10 | | | | | | % | % | |

Part IV Additional Stock Information (See instructions.)**1** During the tax year, did the corporation have more than one class of stock outstanding?

| Corp.
No. | Name of corporation | Answer to
Question 1 | | If "Yes" to question 1,
list and describe each class of stock. |
|--------------|---------------------|-------------------------|----|---|
| | | Yes | No | |
| | SEE STATEMENT 2 | | | |
| | | | | |
| | | | | |
| | | | | |

2 During the tax year, was there (a) any member of the consolidated group that reaffiliated within 60 months of disaffiliation or (b) any member of the affiliated group that was deconsolidated under Rev. Proc. 91-11, 1991-1 C.B. 470 (as modified and clarified by Rev. Proc. 91-39, 1991-2 C.B. 694), Rev. Proc. 95-11, 1995-1 C.B. 505, or Rev. Proc. 95-39, 1995-2 C.B. 399?

| Corp.
No. | Name of corporation | Answer to
Question 2 | | If "Yes" to (a) or (b) of question 2,
list the member(s) and explain the circumstances. |
|--------------|---------------------|-------------------------|----|--|
| | | Yes | No | |
| | SEE STATEMENT 3 | | | |
| | | | | |
| | | | | |
| | | | | |

3 During the tax year, was there any arrangement in existence by which one or more persons that were not members of the affiliated group could acquire any stock, or acquire any voting power without acquiring stock, in the corporation, other than a de minimis amount, from the corporation or another member of the affiliated group?

| Corp.
No. | Name of corporation | Answer to
Question 3 | | Item 3a | Item 3b | Item 3c |
|--------------|---------------------|-------------------------|----|---------|---------|---------|
| | | Yes | No | | | |
| | SEE STATEMENT 4 | | | % | % | % |
| | | | | % | % | % |
| | | | | % | % | % |
| | | | | % | % | % |

Corp. No. Item 3d - Provide a description of any arrangement.

| | |
|--|--|
| | |
| | |
| | |
| | |

**Sign
Here**

Under penalties of perjury, I declare that I have examined this form, including accompanying statements, and to the best of my knowledge and belief, it is true, correct, and complete for the tax year as stated.



Signature of officer

Date



Title

Department of the Treasury
Internal Revenue Service

► Attach to Form 1120, 1120-A, 1120-F, 1120-FSC, 1120-H, 1120-IC-DISC, 1120-L, 1120-ND, 1120-PC, 1120-POL, 1120-REIT, 1120-RIC, 1120-SF, 990-C, or certain Forms 990-T.

2001

Employer identification number

13-3855623

| (a) Description of property
(Example: 100 shares of Z Co.) | (b) Date acquired
(mo., day, yr.) | (c) Date sold
(mo., day, yr.) | (d) Sales price
(see instructions) | (e) Cost or other basis
(see instructions) | (f) Gain or (loss)
(Subtract (e) from (d)) |
|---|--------------------------------------|----------------------------------|---------------------------------------|---|---|
| 1 | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| SEE STATEMENT 5 | | | 192,372. | 274,527,390. | 670,952 |

- | | | | |
|---|--|---|---------|
| 2 | Short-term capital gain from installment sales from Form 6252, line 26 or 37 | 2 | |
| 3 | Short-term gain or (loss) from like-kind exchanges from Form 8824 | 3 | |
| 4 | Unused capital loss carryover (attach computation) | 4 | (|
| 5 | Net short-term capital gain or (loss). Combine lines 1 through 4 | 5 | 670,952 |

[illegible]

- | | | | |
|----|---|----|--------|
| 7 | Enter gain from Form 4797, column (g), line 7 or 9 | 7 | |
| 8 | Long-term capital gain from installment sales from Form 6252, line 26 or 37 | 8 | |
| 9 | Long-term gain or (loss) from like-kind exchanges from Form 8824 | 9 | |
| 10 | Capital gain distributions (see instructions) | 10 | |
| 11 | Net long-term capital gain or (loss). Combine lines 6 through 10 | 11 | 10,500 |

| | | | |
|----|--|----|---------|
| 12 | Enter excess of net short-term capital gain (line 5) over net long-term capital loss (line 11) | 12 | 670,952 |
| 13 | Net capital gain. Enter excess of net long-term capital gain (line 11) over net short-term capital loss (line 5) | 13 | 10,500 |
| 14 | Add lines 12 and 13. Enter here and on Form 1120, page 1, line 8, or the proper line on other returns | 14 | 681,452 |

Note: If losses exceed gains, see **Capital losses** in the instructions on page 2.

Note: If losses exceed gains, see **Capital losses** in the instructions on page 2.

JWA For Paperwork Reduction Act Notice, see the Instructions for Forms 1120 and 1120-A.

Schedule D (Form 1120) 2001

Depreciation and Amortization
(Including Information on Listed Property) **OTHER**

▶ See separate instructions. ▶ Attach to your tax return.

2001

Attachment
Sequence No. 67

Name(s) shown on return

**ENERGY MERCHANT CORP AND
SUBSIDIARIES**

Business or activity to which this form relates

OTHER DEPRECIATION

Identifying number

13-3855623

Part I Election To Expense Certain Tangible Property Under Section 179 Note: If you have any listed property, complete Part V before you complete Part I.

| | | | |
|----|---|------------------------------|------------------|
| 1 | Maximum amount. See instructions for a higher limit for certain businesses | 1 | 24,000. |
| 2 | Total cost of section 179 property placed in service (see instructions) | 2 | |
| 3 | Threshold cost of section 179 property before reduction in limitation | 3 | \$200,000 |
| 4 | Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0- | 4 | |
| 5 | Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions | 5 | |
| 6 | (a) Description of property | (b) Cost (business use only) | (c) Elected cost |
| 7 | Listed property. Enter amount from line 29 | 7 | |
| 8 | Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7 | 8 | |
| 9 | Tentative deduction. Enter the smaller of line 5 or line 8 | 9 | |
| 10 | Carryover of disallowed deduction from line 13 of your 2000 Form 4562 | 10 | |
| 11 | Business income limitation. Enter the smaller of business income (not less than zero) or line 5 | 11 | 0. |
| 12 | Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11 | 12 | 0. |
| 13 | Carryover of disallowed deduction to 2002. Add lines 9 and 10, less line 12 | 13 | |

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)

| | | | |
|----|---|----|--|
| 14 | Special depreciation allowance for certain property (other than listed property) acquired after September 10, 2001 (see instructions) | 14 | |
| 15 | Property subject to section 168(f)(1) election (see instructions) | 15 | |
| 16 | Other depreciation (including ACRS) (see instructions) | 16 | |

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

| | | | |
|----|---|----|---------|
| 17 | MACRS deductions for assets placed in service in tax years beginning before 2001 | 17 | 95,912. |
| 18 | If you are electing under section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check here | | |

Section B - Assets Placed in Service During 2001 Tax Year Using the General Depreciation System

| (a) Classification of property | (b) Month and year placed in service | (c) Basis for depreciation (business/investment use only - see instructions) | (d) Recovery period | (e) Convention | (f) Method | (g) Depreciation deduction |
|--------------------------------|--------------------------------------|--|---------------------|----------------|------------|----------------------------|
| 19a 3-year property | | | | | | |
| b 5-year property | | | | | | |
| c 7-year property | | | | | | |
| d 10-year property | | | | | | |
| e 15-year property | | | | | | |
| f 20-year property | | | | | | |
| g 25-year property | | | 25 yrs. | | S/L | |
| h Residential rental property | / | | 27.5 yrs. | MM | S/L | |
| | / | | 27.5 yrs. | MM | S/L | |
| i Nonresidential real property | / | | 39 yrs. | MM | S/L | |
| | / | | | MM | S/L | |

Section C - Assets Placed in Service During 2001 Tax Year Using the Alternative Depreciation System

| | | | | | | |
|----------------|---|--|---------|----|-----|--|
| 20a Class life | | | | | S/L | |
| b 12-year | | | 12 yrs. | | S/L | |
| c 40-year | / | | 40 yrs. | MM | S/L | |

Part IV Summary (See instructions.)

| | | | |
|----|--|----|---------|
| 21 | Listed property. Enter amount from line 28 | 21 | |
| 22 | Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instr. | 22 | 95,912. |
| 23 | For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs | 23 | |

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)**Note:** For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.**Section A - Depreciation and Other Information** (Caution: See instructions for limits for passenger automobiles.)**24a** Do you have evidence to support the business/investment use claimed? ☐ Yes ☐ No **24b** If "Yes," is the evidence written? ☐ Yes ☐ No

| (a)
Type of property
(list vehicles first) | (b)
Date
placed in
service | (c)
Business/
investment
use percentage | (d)
Cost or
other basis | (e)
Basis for depreciation
(business/investment
use only) | (f)
Recovery
period | (g)
Method/
Convention | (h)
Depreciation
deduction | (i)
Elected
section 179
cost |
|--|-------------------------------------|--|-------------------------------|--|---------------------------|------------------------------|----------------------------------|---------------------------------------|
|--|-------------------------------------|--|-------------------------------|--|---------------------------|------------------------------|----------------------------------|---------------------------------------|

25 Special depreciation allowance for listed property acquired after September 10, 2001, and used more than 50% in a qualified business use**25****26** Property used more than 50% in a qualified business use:

| | | | | | | | | |
|--|---|---|---|--|--|--|--|--|
| | : | : | % | | | | | |
| | : | : | % | | | | | |
| | : | : | % | | | | | |

27 Property used 50% or less in a qualified business use:

| | | | | | | | | |
|--|---|---|---|--|--|-------|--|--|
| | : | : | % | | | S/L - | | |
| | : | : | % | | | S/L - | | |
| | : | : | % | | | S/L - | | |

28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1**28****29** Add amounts in column (i), line 26. Enter here and on line 7, page 1**29****Section B - Information on Use of Vehicles**

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person.

If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

| | (a)
Vehicle | (b)
Vehicle | (c)
Vehicle | (d)
Vehicle | (e)
Vehicle | (f)
Vehicle |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| 30 Total business/investment miles driven during the year (do not include commuting miles) | | | | | | |
| 31 Total commuting miles driven during the year | | | | | | |
| 32 Total other personal (noncommuting) miles driven | | | | | | |
| 33 Total miles driven during the year.
Add lines 30 through 32 | | | | | | |
| 34 Was the vehicle available for personal use during off-duty hours? | Yes | No | Yes | No | Yes | No |
| 35 Was the vehicle used primarily by a more than 5% owner or related person? | | | | | | |
| 36 Is another vehicle available for personal use? | | | | | | |

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons.

| | | |
|--|-----|----|
| 37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees? | Yes | No |
| 38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See instructions for vehicles used by corporate officers, directors, or 1% or more owners | | |
| 39 Do you treat all use of vehicles by employees as personal use? | | |
| 40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received? | | |
| 41 Do you meet the requirements concerning qualified automobile demonstration use? | | |

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.**Part VI Amortization**

| (a)
Description of costs | (b)
Date amortization
begins | (c)
Amortizable
amount | (d)
Code
section | (e)
Amortization
period or percentage | (f)
Amortization
for this year |
|-----------------------------|------------------------------------|------------------------------|------------------------|---|--------------------------------------|
|-----------------------------|------------------------------------|------------------------------|------------------------|---|--------------------------------------|

42 Amortization of costs that begins during your 2001 tax year:

| | | | | | |
|--|---|---|--|--|--|
| | : | : | | | |
| | : | : | | | |

43 Amortization of costs that began before your 2001 tax year**43****44** **Total.** Add amounts in column (f). See instructions for where to report**44**

FORM 4626

AMT CONTRIBUTION LIMITATION

STATEMENT 34

| | |
|--|-------------|
| 1) REGULAR TAXABLE INCOME BEFORE NOL AND BEFORE CHARITABLE CONTRIBUTIONS | -6,206,941 |
| 2) ADD: OTHER AMT ADJUSTMENT AND PREFERENCE ITEMS
OTHER THAN ACE AND CHARITABLE CONTRIBUTIONS | 1,979 |
| 3) PREADJUSTMENT AMTI BEFORE ACE, CHARITABLE DEDUCTIONS,
AND NOL | -6,204,962 |
| 4) ACE ADJUSTMENT ITEMS | 64,515 |
| 5) ACE WITHOUT CHARITABLE CONTRIBUTIONS (LINE 3 PLUS LINE 4) | -6,140,447 |
| 6) LINE 5 LESS LINE 3 (ENTER EXCESS AS A NEGATIVE AMOUNT) | 64,515 |
| 7) MULTIPLY LINE 6 BY 75%. ENTER RESULT AS A POSITIVE AMOUNT | 48,386 |
| 8) ENTER EXCESS OF THE CORPORATION'S PRIOR YEAR NET INCREASES
IN AMTI DUE TO ACE | 71,934 |
| 9) ACE ADJUSTMENT:
IF LINE 6 IS POSITIVE OR ZERO ENTER THE AMOUNT
FROM LINE 7 HERE AS A POSITIVE AMOUNT
IF LINE 6 IS NEGATIVE, ENTER THE SMALLER OF LINE 7
OR LINE 8 HERE AS A NEGATIVE AMOUNT | 48,386 |
| 10) AMTI WITHOUT CHARITABLE CONTRIBUTIONS AND NOL (LINE 3
PLUS LINE 9) | -6,156,576 |
| 11) CONTRIBUTION LIMITATION TO CALCULATE 100% AMTI LIMITATION
FOR NOL (LINE 10 LESS LINE 16, PLUS SPECIAL DEDUCTIONS
NOT PREVIOUSLY INCLUDED IN THE ACE ADJUSTMENT ON LINE 9
ABOVE, MULTIPLIED BY 10%). | 0 |
| 12) TOTAL AVAILABLE CONTRIBUTIONS | 5,215 |
| 13) CONTRIBUTION DEDUCTION TO CALCULATE 100% AMTI LIMITATION
FOR NOL (LESSER OF LINE 11 OR LINE 12) | 0 |
| 14) AMTI FOR PURPOSES OF 100% NOL LIMITATION (LINE 10 LESS
LINE 13) | -6,156,576 |
| 15) NOL LIMITATION, 100% OF LINE 14 | -6,156,576 |
| 16) TOTAL NOL AVAILABLE | 6,111,922 |
| 17) AMT NOL (LESSER OF LINE 15 OR LINE 16) | 0 |
| 18) AMTI FOR CHARITABLE DEDUCTION LIMITATION (LINE 10 LESS
AMT NOL ON LINE 16, PLUS SPECIAL DEDUCTIONS NOT
PREVIOUSLY INCLUDED AS AN ACE ADJUSTMENT ON LINE 9) | -12,268,498 |
| 19) 10% OF LINE 18 | -1,226,850 |
| 20) AMT CHARITABLE DEDUCTION (LESSER OF LINE 12 OR LINE 19) | 0 |
| 21) REGULAR CONTRIBUTION DEDUCTION | 0 |
| 22) AMT CONTRIBUTION ADJUSTMENT (LINE 21 LESS LINE 20) | 0 |
| 23) COMBINED AMT CHARITABLE CONTRIBUTION ADJUSTMENT | 0 |
| 24) CONSOLIDATED ADJUSTMENT (LINE 22 LESS LINE 23) | 0 |

SCHEDULE OF COMBINED ALTERNATIVE MINIMUM TAXABLE INCOME

| | COMBINED
AMOUNTS | ENERGY
MERCHANT
HOLDING, INC.
13-4104912 | EMC CAPITAL
CORP
51-0383350 | POWERINE OIL
COMPANY
95-4564080 | ANGLO
PETROLEUM
CORPORATION
95-4059009 | CORPORATE
DEVELOPMENT,
INC.
13-3817433 | ENERGY
MERCHANT CORP
13-3855623 | ENERGY
MERCHANT
MANAGEMENT
CO., LLC
13-4146881 |
|--|---------------------|---|-----------------------------------|---------------------------------------|---|---|---------------------------------------|--|
| Taxable income or (loss) before NOL deduction | -8,528,905. | -4,774,682. | -74,972. | | | | -3,739,040. | 59,789. |
| Adjustments and Preferences | | | | | | | | |
| Depreciation of tangible property | 2,455. | 2,455. | | | | | | |
| Amortization of certified pollution control facilities | | | | | | | | |
| Amortization of mining exploration and development costs | | | | | | | | |
| Amortization of circulation expenditures | | | | | | | | |
| Basis adjustments | -476. | -476. | | | | | | |
| Long-term contracts entered into after Feb. 28, 1986 | | | | | | | | |
| Installment sales of certain property | | | | | | | | |
| Merchant marine capital construction funds | | | | | | | | |
| Section 833(b) deduction | | | | | | | | |
| Tax shelter farm activities | | | | | | | | |
| Passive activities | | | | | | | | |
| Certain loss limitations | | | | | | | | |
| Depletion | | | | | | | | |
| Private activity bond issued after August 7, 1986 | | | | | | | | |
| Intangible drilling costs | | | | | | | | |
| Accelerated depreciation of real property | | | | | | | | |
| Accelerated depreciation of leased personal property | | | | | | | | |
| Other adjustments | | | | | | | | |
| Total Adjustment and Preference Items | 1,979. | 1,979. | | | | | | |
| Pre-adjustment AMTI | -8,526,926. | -4,772,703. | -74,972. | | | | -3,739,040. | 59,789. |
| Adjusted current earnings adjustment | 48,386. | | | | | | 48,386. | |
| Combined pre-adjustment AMTI and above amount | -8,478,540. | -4,772,703. | -74,972. | | | | -3,690,654. | 59,789. |
| Alternative tax NOL deduction | | | | | | | | |
| Alternative Minimum Taxable Income | -8,478,540. | -4,772,703. | -74,972. | | | | -3,690,654. | 59,789. |

Statement of Consolidated Adjusted Current Earnings

Name

ENERGY MERCHANT CORP AND
SUBSIDIARIES

Employer identification number

13-3855623

| Adjusted Current Earnings | Schedule
Reference | Combined
Amounts | Consolidated
Adjustments | Consolidated
Amounts |
|--|-----------------------|---------------------|-----------------------------|-------------------------|
| Pre-adjustment AMTI | | -8,526,926. | | -6,204,962. |
| ACE Depreciation Adjustment | | | | |
| Depreciation expense recomputed for AMT purposes | | 64,515. | | 64,515. |
| Post-1993 depreciation | | | | |
| Post-1989, Pre-1994 property ACE depreciation | | | | |
| Pre-1990 MACRS property ACE depreciation | | | | |
| Pre-1990 original ACRS property ACE depreciation | | | | |
| Sec. 168(f)(1) through (4) property ACE depreciation | | | | |
| Other property ACE depreciation | | | | |
| Total ACE Depreciation | | | | |
| ACE Depreciation Adjustment | | 64,515. | | 64,515. |
| Inclusion in ACE of Items
Included in E&P | | | | |
| Tax-exempt interest income | | | | |
| Death benefits from life insurance contracts | | | | |
| All other distributions from life insurance contracts | | | | |
| Inside buildup of undistributed income in life insur. | | | | |
| Other items | | | | |
| Total Inclusion of Items | | | | |
| Disallowance of Items Not
Deductible in Computing E&P | | | | |
| Certain dividends received | | | | |
| Dividends paid on preferred stock of public utilities | | | | |
| Dividends paid to an ESOP | | | | |
| Non-patronage dividends | | | | |
| Other items | | | | |
| Total Disallowance of Items | | | | |
| Certain Other E&P Adjustments | | | | |
| Intangible drilling costs | | | | |
| Circulation expenditures | | | | |
| Organizational expenditures | | | | |
| LIFO inventory adjustments | | | | |
| Installment sales | | | | |
| Total Other E&P Adjustments | | | | |
| Disallowance of loss on exchange of debt pools | | | | |
| Acquisition expenses of life insurance companies | | | | |
| Depletion | | | | |
| Basis adjustments | | | | |
| Adjusted Current Earnings | | -8,462,411. | | -6,140,447. |
| Subtract pre-adjustment AMTI from ACE | | 64,515. | | 64,515. |
| Adjusted Current Earnings
Adjustment | | 48,386. | | 48,386. |

SCHEDULE OF COMBINED ADJUSTED CURRENT EARNINGS

| | COMBINED
AMOUNTS | ENERGY
MERCHANT
HOLDING, INC.
13-4104912 | EMC CAPITAL
CORP
51-0383350 | POWERINE OIL
COMPANY
95-4564080 | ANGLO
PETROLEUM
CORPORATION
95-4059009 | CORPORATE
DEVELOPMENT,
INC.
13-3817433 | ENERGY
MERCHANT CORP
13-3855623 | ENERGY
MERCHANT
MANAGEMENT
CO., LLC
13-4146881 |
|---|---------------------|---|-----------------------------------|---------------------------------------|---|---|---------------------------------------|--|
| Pre-adjustment AMTI | -8,526,926. | -4,772,703. | -74,972. | | | | -3,739,040. | 59,789. |
| ACE Depreciation Adjustment: | | | | | | | | |
| Depreciation expense recomputed for
AMT purposes | 64,515. | | | | | | 64,515. | |
| Post-1993 depreciation | | | | | | | | |
| Post-1989, Pre-1994 property ACE | | | | | | | | |
| Pre-1990 MACRS property ACE depreciation | | | | | | | | |
| Pre-1990 original ACRS property ACE | | | | | | | | |
| Sec. 168(f)(1) through (4) property ACE | | | | | | | | |
| Other property ACE depreciation | | | | | | | | |
| Total ACE Depreciation | | | | | | | | |
| ACE Depreciation Adjustment | 64,515. | | | | | | 64,515. | |
| Inclusion in ACE of Items Included in E&P: | | | | | | | | |
| Tax-exempt interest income | | | | | | | | |
| Death benefits from life insurance contracts | | | | | | | | |
| All other distributions from life insurance
contracts | | | | | | | | |
| Inside buildup of undistributed income in
life insur. | | | | | | | | |
| Other items | | | | | | | | |
| Total Inclusion of Items | | | | | | | | |
| Disallowance of Items Not Deductible
 in Computing E&P: | | | | | | | | |
| Certain dividends received | | | | | | | | |
| Dividends paid on preferred stock of
public utilities | | | | | | | | |
| Dividends paid to an ESOP | | | | | | | | |
| Non-patronage dividends | | | | | | | | |
| Other items | | | | | | | | |
| Total Disallowance of Items | | | | | | | | |
| Certain Other E&P Adjustments: | | | | | | | | |
| Intangible drilling costs | | | | | | | | |
| Circulation expenditures | | | | | | | | |
| Organizational expenditures | | | | | | | | |
| LIFO inventory adjustments | | | | | | | | |
| Installment sales | | | | | | | | |
| Total Other E&P Adjustments | | | | | | | | |
| Disallowance of loss on exchange of debt
pools | | | | | | | | |
| Acquisition expenses of life insurance
companies | | | | | | | | |
| Depletion | | | | | | | | |
| Basis adjustments | | | | | | | | |
| Adjusted Current Earnings | -8,462,411. | -4,772,703. | -74,972. | | | | -3,674,525. | 59,789. |
| Subtract pre-adjustment AMTI from ACE | 64,515. | 0. | 0. | | | | 64,515. | 0. |
| Adjusted Current Earnings Adjustment | 48,386. | 0. | | | | | 48,386. | |

| ENERGY MERCHANT COMBINED | EMC | POC | EMH | Elimination | Combined | EML | EMC CC
EMMC/EMAC | WTL |
|--------------------------------------|-----------------|------------|---------------|-----------------|---------------|---------------|---------------------|----------------|
| December 31, 2002 | 12/31/02 | 12/31/02 | 12/31/02 | 12/31/02 | 12/31/02 | 12/31/02 | 12/31/02 | 12/31/02 |
| ASSETS | | | | | | | | |
| Current Assets | | | | | | | | |
| Checking/Savings | | | | | | | | |
| Citibank Checking | 26,546.75 | - | - | - | 26,546.75 | - | - | - |
| Advest Cash | 743,896.84 | - | 14.42 | - | 743,911.26 | 14.36 | 0.06 | - |
| Petty Cash | 300.00 | - | 300.00 | - | 600.00 | 300.00 | - | - |
| Savings - Citibank | 1.26 | - | - | - | 1.26 | - | - | - |
| Allfirst Checking | - | - | 1,007,076.28 | - | 1,007,076.28 | 1,007,076.28 | - | - |
| CD Citibank - Rent Deposit | 318,120.54 | - | - | - | 318,120.54 | - | - | - |
| Fleet Bank | - | - | - | - | - | - | - | - |
| Standard Chartered Bank | - | - | 2,914,207.23 | - | 2,914,207.23 | 2,914,207.23 | - | - |
| Bank of Oklahoma | - | - | - | - | - | - | - | - |
| Total Checking/Savings | 1,088,865.39 | - | 3,921,597.93 | - | 5,010,463.32 | 3,921,597.87 | 0.06 | - |
| Accounts Receivable | | | | | | | | |
| Accounts Receivable Trade | - | - | 13,792,527.04 | - | 13,792,527.04 | 13,792,527.04 | - | - |
| Total Accounts Receivable | - | - | 13,792,527.04 | - | 13,792,527.04 | 13,792,527.04 | - | - |
| Inventory | | | | | | | | |
| Inventory | - | - | 35,649,317.68 | - | 35,649,317.68 | 35,649,317.68 | - | - |
| Inventory & Contract M-T-M | - | - | 8,122,231.52 | - | 8,122,231.52 | 8,122,231.52 | - | - |
| Total Inventory | - | - | 43,771,549.20 | - | 43,771,549.20 | 43,771,549.20 | - | - |
| Securities Held for Sale | | | | | | | | |
| SCB Collateral- Advest - 01188 | - | - | - | - | - | - | - | - |
| Investments - Advest @ market - NE T | - | - | - | - | - | - | - | - |
| Total Marketable Securities | - | - | - | - | - | - | - | - |
| Trading Accounts | | | | | | | | |
| FIMAT & REPO | - | - | 1,107,066.58 | - | 1,107,066.58 | 870,908.58 | 236,158.00 | - |
| Treasury Bills | - | - | 1,250,000.00 | - | 1,250,000.00 | 1,250,000.00 | - | - |
| Saul Stone | - | - | 1,213,691.06 | - | 1,213,691.06 | 1,213,691.06 | - | - |
| Total Trading Accounts | - | - | 3,570,757.64 | - | 3,570,757.64 | 3,334,599.64 | 236,158.00 | - |
| Other Recievables | | | | | | | | |
| I/C EM Inv Fund LLC | 7,000.00 | - | - | - | 7,000.00 | - | - | - |
| I/C EM Mgmt Co | 1,127,089.32 | - | - | - | 1,127,089.32 | - | - | - |
| A/R I/C & Other:I/C EM Advisory Co | 500.00 | - | (786,234.44) | - | (785,734.44) | - | (786,234.44) | - |
| A/R I/C & Other:I/C EMCC | (11,156,634.22) | - | - | 11,156,634.22 | - | - | - | - |
| A/R I/C & Other:I/C EML | 153,198.94 | - | - | (153,198.94) | - | - | - | - |
| A/R I/C & Other:I/C POC | (881,744.55) | - | - | 881,744.55 | - | - | - | - |
| A/R I/C & Other:I/C WTL | 1,542,721.80 | - | - | (1,542,721.80) | - | - | - | - |
| A/R I/C & Other:I/C SPC | 377,987.00 | - | 975,000.00 | - | 1,352,987.00 | 975,000.00 | - | - |
| N/R Employees AB & PP & EM | 1,420,010.00 | - | - | - | 1,420,010.00 | - | - | - |
| I/C EMC | - | 881,744.55 | 9,460,713.48 | (10,342,458.03) | - | (153,198.94) | 11,156,634.22 | (1,542,721.80) |
| Total Other Recievables | (7,409,871.71) | 881,744.55 | 9,649,479.04 | - | 3,121,351.88 | 821,801.06 | 10,370,399.78 | (1,542,721.80) |

| ENERGY MERCHANT COMBINED | EMC | POC | EMH | Elimination | Combined | EML | EMC CC
EMMC/EMAC | WTL |
|---------------------------------------|----------------|------------|---------------|-----------------|---------------|---------------|---------------------|----------------|
| December 31, 2002 | 12/31/02 | 12/31/02 | 12/31/02 | 12/31/02 | 12/31/02 | 12/31/02 | 12/31/02 | 12/31/02 |
| Prepaid Expenses | | | | | | | | |
| Accrued Interest Income | - | - | 2,673.54 | - | 2,673.54 | 2,673.54 | - | - |
| Prepaid Expenses/CA Taxes | 75,401.00 | - | 300,000.00 | - | 375,401.00 | 300,000.00 | - | - |
| Refundable Income Taxes | 2,000,000.00 | - | - | - | 2,000,000.00 | - | - | - |
| Prepaid Insurance | - | - | 90,410.00 | - | 90,410.00 | 90,410.00 | - | - |
| Cash Clearing Accounts/Prepays | - | - | 1,220,629.92 | - | 1,220,629.92 | 1,220,629.92 | - | - |
| Deposits | 155,698.85 | - | - | - | 155,698.85 | - | - | - |
| Total Prepaid Expenses | 2,231,099.85 | - | 1,613,713.46 | - | 3,844,813.31 | 1,613,713.46 | - | - |
| Total Current Assets | (4,089,906.47) | 881,744.55 | 76,319,624.31 | - | 73,111,462.39 | 67,255,788.27 | 10,606,557.84 | (1,542,721.80) |
| Fixed Assets | | | | | | | | |
| Leashold Improvments/ Goodwill | 278,711.87 | - | - | - | 278,711.87 | - | - | - |
| Furniture & Office Equip | 265,792.82 | - | - | - | 265,792.82 | - | - | - |
| Technology Equipment | 45,752.79 | - | 75,876.37 | - | 121,629.16 | 75,876.37 | - | - |
| Network Design & Installation | - | - | 256,576.49 | - | 256,576.49 | 256,576.49 | - | - |
| Accum Depr | (211,727.43) | - | (200,239.23) | - | (411,966.66) | (200,239.23) | - | - |
| Total Fixed Assets | 378,530.05 | - | 132,213.63 | - | 510,743.68 | 132,213.63 | - | - |
| Other Assets: | | | | | | | | |
| Capital Inv:Design Architects.com | 250,000.00 | - | - | - | 250,000.00 | - | - | - |
| Capital Inv:EMC Handles GMBH | 218,388.38 | - | - | - | 218,388.38 | - | - | - |
| Capital Inv:EMCC | 11,398,460.68 | - | - | (11,398,460.68) | - | - | - | - |
| Capital Inv:EML | 14,277,597.08 | - | - | (14,277,597.08) | - | - | - | - |
| Capital Inv:EMS [Stratus Petroleum] | 100,000.00 | - | - | - | 100,000.00 | - | - | - |
| Capital Inv:POC | 1,000,000.00 | - | - | (1,000,000.00) | - | - | - | - |
| Capital Inv:Williams Technologies LLC | (828,723.02) | - | - | 828,723.02 | - | - | - | - |
| Capital Inv:N/R Stratus Petroleum | - | - | 10,000,000.00 | - | 10,000,000.00 | 10,000,000.00 | - | - |
| Capital Inv: EM Investors Fund | - | - | 820,373.78 | - | 820,373.78 | - | 820,373.78 | - |
| Capital Inv: EM Mgmt Co | - | - | (151,204.56) | - | (151,204.56) | - | (151,204.56) | - |
| Capital Inv: EM Advisory Co | - | - | (97,539.96) | - | (97,539.96) | - | (97,539.96) | - |
| Total Other Assets | 26,415,723.12 | - | 10,571,629.26 | (25,847,334.74) | 11,140,017.64 | 10,000,000.00 | 171,629.26 | - |
| TOTAL ASSETS | 22,704,346.70 | 881,744.55 | 87,023,467.20 | (25,847,334.74) | 84,762,223.71 | 77,388,001.90 | 11,178,187.10 | (1,542,721.80) |

| ENERGY MERCHANT COMBINED | EMC | POC | EMH | Elimination | Combined | EML | EMC CC
EMMC/EMAC | WTL |
|--|----------------------|-------------------|----------------------|------------------------|----------------------|----------------------|----------------------|-----------------------|
| December 31, 2002 | 12/31/02 | 12/31/02 | 12/31/02 | 12/31/02 | 12/31/02 | 12/31/02 | 12/31/02 | 12/31/02 |
| LIABILITIES & EQUITY | | | | | | | | |
| Liabilities | | | | | | | | |
| Current Liabilities | | | | | | | | |
| Accounts Payable | | | | | | | | |
| Accounts Payable | 82,225.61 | - | 330,365.65 | - | 412,591.26 | 330,365.65 | - | - |
| Total Accounts Payable | 82,225.61 | - | 330,365.65 | - | 412,591.26 | 330,365.65 | - | - |
| Notes Payable | | | | | | | | |
| N/P Standard Chartered Bank | - | - | 47,005,875.00 | - | 47,005,875.00 | 47,005,875.00 | - | - |
| N/P Officers | 250,000.00 | - | - | - | 250,000.00 | - | - | - |
| Total Notes Payable | 250,000.00 | - | 47,005,875.00 | - | 47,255,875.00 | 47,005,875.00 | - | - |
| Accrued Expenses | | | | | | | | |
| Accrued Enviromental Taxes | - | 349,237.02 | - | - | 349,237.02 | - | - | - |
| Accrued Excise Taxes | - | - | 5,876,022.38 | - | 5,876,022.38 | 5,876,022.38 | - | - |
| Accrued Payables/401-K Plan | 12,765.75 | 3,340,022.96 | 693,523.97 | - | 4,046,312.68 | 693,523.97 | - | - |
| Income Taxes Payable | - | - | - | - | - | - | - | - |
| Total Other Payables/Accrued E xpenses | 12,765.75 | 3,689,259.98 | 6,569,546.35 | - | 10,271,572.08 | 6,569,546.35 | - | - |
| Total Current Liabilities | 344,991.36 | 3,689,259.98 | 53,905,787.00 | - | 57,940,038.34 | 53,905,787.00 | - | - |
| Long Term Liabilities | | | | | | | | |
| N/P Power & Energy Capital Grp | - | - | 10,375,000.00 | - | 10,375,000.00 | 10,375,000.00 | - | - |
| Accrued Clean-up Claims Payable | | 8,487,170.00 | - | (8,487,170.00) | - | | | |
| Total Long Term Liabilities | - | 8,487,170.00 | 10,375,000.00 | (8,487,170.00) | 10,375,000.00 | 10,375,000.00 | - | - |
| Total Liabilities | 344,991.36 | 12,176,429.98 | 64,280,787.00 | (8,487,170.00) | 68,315,038.34 | 64,280,787.00 | - | - |
| Equity | | | | | | | | |
| Capital Stock | 3,350,000.00 | 1.00 | 19,450,482.65 | (19,450,483.65) | 3,350,000.00 | 18,350,482.65 | 1,000,000.00 | 100,000.00 |
| APIC new issues | 349,700.00 | 999,999.00 | - | (999,999.00) | 349,700.00 | - | - | - |
| Treasury Stock | (700,000.00) | - | - | - | (700,000.00) | - | - | - |
| Distribution to S/H | - | - | - | - | - | - | - | - |
| Retained Earnings | 21,025,242.86 | (12,294,685.43) | 5,396,852.09 | 3,090,317.91 | 17,217,727.43 | (4,072,885.57) | 10,398,460.68 | (928,723.02) |
| Dividends | - | - | - | - | - | - | - | - |
| Net Income | (1,665,587.52) | - | (2,104,654.54) | - | (3,770,242.06) | (1,170,382.18) | (220,273.58) | (713,998.78) |
| Total Equity | 22,359,355.34 | (11,294,685.43) | 22,742,680.20 | (17,360,164.74) | 16,447,185.37 | 13,107,214.90 | 11,178,187.10 | (1,542,721.80) |
| TOTAL LIABILITIES & EQUITY | 22,704,346.70 | 881,744.55 | 87,023,467.20 | (25,847,334.74) | 84,762,223.71 | 77,388,001.90 | 11,178,187.10 | (1,542,721.80) |

| ENERGY MERCHANT COMBINED | EMC | POC | EMH | Elimination | Combined | EML | EMC CC
EMMC/EMAC | WTL |
|----------------------------------|------------|----------|----------------|-------------|----------------|----------------|---------------------|--------------|
| December 31, 2002 | 12/31/02 | 12/31/02 | 12/31/02 | 12/31/02 | 12/31/02 | 12/31/02 | 12/31/02 | 12/31/02 |
| REVENUES | - | - | - | - | - | - | - | - |
| Sales of Product/Services | - | - | 307,804,953.05 | - | 307,804,953.05 | 307,788,631.26 | - | 16,321.79 |
| Cost of Sales | - | - | 306,918,954.92 | - | 306,918,954.92 | 306,918,954.92 | - | - |
| Gross Profit | - | - | 885,998.13 | - | 885,998.13 | 869,676.34 | - | 16,321.79 |
| Trading Profits | - | - | - | - | - | - | - | - |
| EMIF | - | - | 171,833.43 | - | 171,833.43 | - | 171,833.43 | - |
| EMMC | - | - | 39,616.97 | - | 39,616.97 | - | 39,616.97 | - |
| EMAC | - | - | (73,237.84) | - | (73,237.84) | - | (73,237.84) | - |
| Trading Profits & Losses | - | - | (411,767.58) | - | (411,767.58) | (47,059.65) | (364,707.93) | - |
| Gain on SPC NR | - | - | 2,950,000.00 | - | 2,950,000.00 | 2,950,000.00 | - | - |
| Trading Profits | - | - | 2,676,444.98 | - | 2,676,444.98 | 2,902,940.35 | (226,495.37) | - |
| Other Income | - | - | - | - | - | - | - | - |
| US Govt Interest | - | - | 306,022.43 | - | 306,022.43 | 306,022.43 | - | - |
| Interest Income | 36,899.25 | - | 107,703.01 | - | 144,602.26 | 101,148.15 | 6,554.86 | - |
| Dividend Income | - | - | 9,905.76 | - | 9,905.76 | 9,905.76 | - | - |
| Sales of Fixed Assets | (4,069.89) | - | 5,567.24 | - | 1,497.35 | - | - | 5,567.24 |
| Other Income | - | - | (570,285.64) | - | (570,285.64) | - | - | (570,285.64) |
| Total Other Income | 32,829.36 | - | (141,087.20) | - | (108,257.84) | 417,076.34 | 6,554.86 | (564,718.40) |
| | 32,829.36 | - | 3,421,355.91 | - | 3,454,185.27 | 4,189,693.03 | (219,940.51) | (548,396.61) |
| Total Income | 32,829.36 | - | 3,421,355.91 | - | 3,454,185.27 | 4,189,693.03 | (219,940.51) | (548,396.61) |
| Operating Expenses | - | - | - | - | - | - | - | - |
| ADP Fees | 6,503.56 | - | - | - | 6,503.56 | - | - | - |
| Bank Service Charges | 3,833.80 | - | 63,786.05 | - | 67,619.85 | 63,376.16 | 218.00 | 191.89 |
| Benefits & COBRA/Parking | 246,349.09 | - | 341,399.18 | - | 587,748.27 | 318,766.50 | - | 22,632.68 |
| 401-K PS PLAN | - | - | - | - | - | - | - | - |
| Bonds | - | - | 108,951.00 | - | 108,951.00 | 108,951.00 | - | - |
| Broker Commissions | - | - | 64,008.25 | - | 64,008.25 | 64,008.25 | - | - |
| Cleaning & Janitorial | 9,573.97 | - | - | - | 9,573.97 | - | - | - |
| Computer Supply Expense | 12,334.44 | - | 35,680.56 | - | 48,015.00 | 35,680.56 | - | - |
| Consultants/Outside Services | 139,637.33 | - | 109,800.00 | - | 249,437.33 | 109,800.00 | - | - |
| Contributions | 115.56 | - | 1,020.00 | - | 1,135.56 | 1,020.00 | - | - |
| Corporate Franchise Taxes | 79,032.43 | - | 33,562.93 | - | 112,595.36 | 33,562.93 | - | - |
| Credit Facility Fee & Bank Legal | - | - | 493,335.65 | - | 493,335.65 | 493,335.65 | - | - |
| Dell Computer Lease | - | - | 59,859.64 | - | 59,859.64 | 59,859.64 | - | - |
| Dues and Subscriptions | 7,809.61 | - | 21,101.63 | - | 28,911.24 | 21,101.63 | - | - |

| ENERGY MERCHANT COMBINED | EMC | POC | EMH | Elimination | Combined | EML | EMC CC
EMMC/EMAC | WTL |
|-----------------------------------|----------------|----------|----------------|-------------|----------------|----------------|---------------------|--------------|
| December 31, 2002 | 12/31/02 | 12/31/02 | 12/31/02 | 12/31/02 | 12/31/02 | 12/31/02 | 12/31/02 | 12/31/02 |
| Equipment Rental [Fax & Copiers] | - | - | 15,187.47 | | 15,187.47 | 14,104.20 | - | 1,083.27 |
| Excise Taxes/Tare Allowances | - | - | (9,826.63) | | (9,826.63) | (9,826.63) | - | - |
| Information Services | 64,619.11 | - | 138,562.59 | | 203,181.70 | 138,322.95 | - | 239.64 |
| Insurance | 25,938.80 | - | 326,548.63 | | 352,487.43 | 325,284.14 | - | 1,264.49 |
| Lease Expense - Auto Allowances | 29,277.40 | - | 19,669.78 | | 48,947.18 | 19,669.78 | - | - |
| Meals & Entertainment | 184,546.64 | - | 16,750.48 | | 201,297.12 | 16,484.62 | - | 265.86 |
| Miscellaneous | 17,730.85 | - | 2,489.32 | | 20,220.17 | 1,997.68 | - | 491.64 |
| Office Expenses | 52,056.76 | - | 24,186.22 | | 76,242.98 | 24,163.44 | - | 22.78 |
| Printing & Reproduction | 328.32 | - | 166.90 | | 495.22 | - | - | 166.90 |
| P/R Taxes | 54,088.53 | - | 150,364.66 | | 204,453.19 | 143,796.23 | - | 6,568.43 |
| Postage and Delivery | 6,235.19 | - | 6,634.00 | | 12,869.19 | 6,449.70 | - | 184.30 |
| Professional Fees - Legal | 413,447.82 | - | 4,090.16 | | 417,537.98 | 4,090.16 | - | - |
| Professional Fees - Other/Auditor | 17,945.00 | - | 59,943.69 | | 77,888.69 | 59,230.00 | - | 713.69 |
| Rent - Offices | 322,966.97 | - | 35,548.37 | | 358,515.34 | 13,200.00 | - | 22,348.37 |
| Repairs & Maintenance [LHI] | 13,542.80 | - | 13,800.43 | | 27,343.23 | 13,800.43 | - | - |
| Telephone | 52,505.40 | - | 48,117.91 | | 100,623.31 | 45,784.09 | - | 2,333.82 |
| Travel & Lodging | 227,912.75 | - | 76,974.07 | | 304,886.82 | 75,441.43 | - | 1,532.64 |
| Trash Removal | - | - | 1,032.00 | | 1,032.00 | 1,032.00 | - | - |
| Utilities | 19,949.52 | - | 10,586.83 | | 30,536.35 | 10,586.83 | - | - |
| Total G & A | 2,008,281.65 | - | 2,273,331.77 | - | 4,281,613.42 | 2,213,073.37 | 218.00 | 60,040.40 |
| Salaries & Wages [Taxes] | 1,562,928.67 | - | 2,793,969.17 | - | 4,356,897.84 | 2,688,534.40 | - | 105,434.77 |
| Bonuses (current year) | - | - | - | - | - | - | - | - |
| Total Salaries & Bonuses | 1,562,928.67 | - | 2,793,969.17 | - | 4,356,897.84 | 2,688,534.40 | - | 105,434.77 |
| Total Operating Expenses | 3,571,210.32 | - | 5,067,300.94 | - | 8,638,511.26 | 4,901,607.77 | 218.00 | 165,475.17 |
| Net Ordinary Income | (3,538,380.96) | - | (1,645,945.03) | - | (5,184,325.99) | (711,914.74) | (220,158.51) | (713,871.78) |
| Other Expenses | | | | | | | | |
| Interest Expense | 34,726.00 | - | 231,129.43 | - | 265,855.43 | 231,014.36 | 115.07 | - |
| HMC | - | - | 127,892.00 | - | 127,892.00 | 127,892.00 | - | - |
| | | | | sum | 393,747.43 | | | |
| Amortization | - | - | 85,524.00 | - | 85,524.00 | 85,524.00 | - | - |
| Depreciation Expense | 92,480.56 | - | 14,164.08 | - | 106,644.64 | 14,037.08 | - | 127.00 |
| | | | | sum | 192,168.64 | | | |
| Total Other Expenses | 127,206.56 | - | 458,709.51 | - | 585,916.07 | 458,467.44 | 115.07 | 127.00 |
| Income Taxes | | | | | | | | |
| Federal Income Tax | (2,000,000.00) | - | - | - | (2,000,000.00) | - | - | - |
| State Income Tax | - | - | - | - | - | - | - | - |
| Total Income Taxes | (2,000,000.00) | - | - | - | (2,000,000.00) | - | - | - |
| Net Income | (1,665,587.52) | - | (2,104,654.54) | - | (3,770,242.06) | (1,170,382.18) | (220,273.58) | (713,998.78) |

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)**Note:** For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.**Section A - Depreciation and Other Information** (Caution: See instructions for limits for passenger automobiles.)**24a** Do you have evidence to support the business/investment use claimed? ☐ Yes ☐ No **24b** If "Yes," is the evidence written? ☐ Yes ☐ No

| (a)
Type of property
(list vehicles first) | (b)
Date
placed in
service | (c)
Business/
investment
use percentage | (d)
Cost or
other basis | (e)
Basis for depreciation
(business/investment
use only) | (f)
Recovery
period | (g)
Method/
Convention | (h)
Depreciation
deduction | (i)
Elected
section 179
cost |
|--|-------------------------------------|--|-------------------------------|--|---------------------------|------------------------------|----------------------------------|---------------------------------------|
|--|-------------------------------------|--|-------------------------------|--|---------------------------|------------------------------|----------------------------------|---------------------------------------|

25 Special depreciation allowance for listed property acquired after September 10, 2001,
and used more than 50% in a qualified business use**25****26** Property used more than 50% in a qualified business use:

| | | | | | | | | |
|--|---|---|---|--|--|--|--|--|
| | : | : | % | | | | | |
| | : | : | % | | | | | |
| | : | : | % | | | | | |

27 Property used 50% or less in a qualified business use:

| | | | | | | | | |
|--|---|---|---|--|--|-------|--|--|
| | : | : | % | | | S/L - | | |
| | : | : | % | | | S/L - | | |
| | : | : | % | | | S/L - | | |

28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1**28****29** Add amounts in column (i), line 26. Enter here and on line 7, page 1**29****Section B - Information on Use of Vehicles**

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person.

If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

| | (a)
Vehicle | (b)
Vehicle | (c)
Vehicle | (d)
Vehicle | (e)
Vehicle | (f)
Vehicle |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| 30 Total business/investment miles driven during the year (do not include commuting miles) | | | | | | |
| 31 Total commuting miles driven during the year | | | | | | |
| 32 Total other personal (noncommuting) miles driven | | | | | | |
| 33 Total miles driven during the year.
Add lines 30 through 32 | | | | | | |
| 34 Was the vehicle available for personal use during off-duty hours? | Yes | No | Yes | No | Yes | No |
| 35 Was the vehicle used primarily by a more than 5% owner or related person? | | | | | | |
| 36 Is another vehicle available for personal use? | | | | | | |

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons.

| | | |
|--|-----|----|
| 37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees? | Yes | No |
| 38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See instructions for vehicles used by corporate officers, directors, or 1% or more owners | | |
| 39 Do you treat all use of vehicles by employees as personal use? | | |
| 40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received? | | |
| 41 Do you meet the requirements concerning qualified automobile demonstration use? | | |

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.**Part VI Amortization**

| (a)
Description of costs | (b)
Date amortization
begins | (c)
Amortizable
amount | (d)
Code
section | (e)
Amortization
period or percentage | (f)
Amortization
for this year |
|-----------------------------|------------------------------------|------------------------------|------------------------|---|--------------------------------------|
|-----------------------------|------------------------------------|------------------------------|------------------------|---|--------------------------------------|

42 Amortization of costs that begins during your 2001 tax year:

| | | | | | |
|--|---|---|--|--|--|
| | : | : | | | |
| | : | : | | | |

43 Amortization of costs that began before your 2001 tax year**43****44** Total. Add amounts in column (f). See instructions for where to report**44**

ENERGY MERCHANT CORP AND SUBSIDIARIES

OTHER INFORMATION 50% OR MORE OF VOTING STOCKS OWNED BY STATEMENT 1

A) NAME SIEGRIED HODAPP
 ADDRESS
 IDENTIFYING NUMBER 106-52-9250
 B) PERCENT OF STOCK 68.00%

FORM 851 QUESTION 1 STATEMENT 2

| NO. | NAME | YES | NO | DESCRIBE EACH CLASS |
|-----|-------------------------------|-----|----|---------------------|
| 2 | ENERGY MERCHANT HOLDING, INC. | | X | |
| 3 | EMC CAPITAL CORP | | X | |
| 4 | POWERINE OIL COMPANY | | X | |
| 5 | ANGLO PETROLEUM CORPORATION | | X | |
| 6 | CORPORATE DEVELOPMENT, INC. | | X | |
| 1 | ENERGY MERCHANT CORP | | X | |

FORM 851 QUESTION 2 STATEMENT 3

| NO. | NAME | YES | NO | EXPLAIN CIRCUMSTANCES |
|-----|-------------------------------|-----|----|-----------------------|
| 2 | ENERGY MERCHANT HOLDING, INC. | | X | |
| 3 | EMC CAPITAL CORP | | X | |
| 4 | POWERINE OIL COMPANY | | X | |
| 5 | ANGLO PETROLEUM CORPORATION | | X | |
| 6 | CORPORATE DEVELOPMENT, INC. | | X | |
| 1 | ENERGY MERCHANT CORP | | X | |

FORM 851 QUESTION 3 STATEMENT 4

| NO. | NAME | YES | NO | ITEM 3B
PERCENT | ITEM 3C
PERCENT | ITEM 3D
PERCENT |
|-----|-------------------------------|-----|----|--------------------|--------------------|--------------------|
| 2 | ENERGY MERCHANT HOLDING, INC. | | X | | | |
| 3 | EMC CAPITAL CORP | | X | | | |
| 4 | POWERINE OIL COMPANY | | X | | | |
| 5 | ANGLO PETROLEUM CORPORATION | | X | | | |
| 6 | CORPORATE DEVELOPMENT, INC. | | X | | | |
| 1 | ENERGY MERCHANT CORP | | X | | | |

SCHEDULE D, PART I SHORT-TERM CAPITAL GAINS AND LOSSES STATEMENT 5

| DESCRIPTION | DATE
ACQUIRED | DATE
SOLD | SALES
PRICE | COST OR
BASIS | GAIN OR
LOSS |
|----------------------------------|------------------|--------------|----------------|------------------|-----------------|
| 2000 CAPITAL GAIN | | | 15,179. | 0. | 15,179. |
| PASSTHROUGH FROM OTHER ENTITIES | | | 0. | 1,289. | -1,289. |
| FUTURES, OPTIONS, BONDS & STOCKS | | | 0. | 1,720,675. | -1,720,675. |
| 2000 UNREALIZED GAINS | | | 177,193. | 0. | 177,193. |
| PASSTHROUGH FROM OTHER ENTITIES | | | 2,932,259. | 0. | 2,932,259. |
| ADVEST STKS AND BONDS | | | 0. | 731,715. | -731,715. |
| TOTAL TO SCHEDULE D, LINE 1 | | | 192,372. | 2,452,390. | 670,952 |

Statement of Consolidated Income and Deductions

| | |
|--|---|
| Name
ENERGY MERCHANT CORP AND
SUBSIDIARIES | Employer identification number
13-3855623 |
|--|---|

| Income | Schedule Reference | Combined Amounts | Consolidated Adjustments | Consolidated Amounts |
|--|--------------------|--------------------|--------------------------|----------------------|
| Gross receipts or sales | | | | |
| Less returns and allowances | | | | |
| Net Sales | | | | |
| Cost of goods sold: | | | | |
| Inventory at beginning of year | | | | |
| Purchases | | | | |
| Cost of labor | | | | |
| Additional section 263A costs | | | | |
| Other costs | | | | |
| Inventory end of year | | | | |
| Cost of goods sold | | | | |
| Gross Profit | | | | |
| Dividends | | 6,658,433. | -6,658,295. | 138. |
| Interest | | 1,215,755. | | 1,215,755. |
| Gross rents | | | | |
| Gross royalties | | | | |
| Capital gain net income | | 1,413,167. | -731,715. | 681,452. |
| Net gain or (loss) Form 4797 | | | | |
| Other income | | -3,005,698. | | -3,005,698. |
| Total Income | | 6,281,657. | | -1,108,353. |
| Deductions | | | | |
| Compensation of officers | | 1,324,866. | | 1,324,866. |
| Salaries and wages | | 372,900. | | 372,900. |
| Repairs | | 3,268. | | 3,268. |
| Bad debts | | | | |
| Rents | | 346,567. | | 346,567. |
| Taxes | | 43,229. | | 43,229. |
| Interest | | 149,975. | | 149,975. |
| Contributions | STATEMENT 9 | 1,000. | -1,000. | 0. |
| Depreciation not claimed elsewhere | | 95,912. | | 95,912. |
| Depletion | | | | |
| Advertising | | | | |
| Pension, profit-sharing, etc., plans | | | | |
| Employee benefit programs | | 340,866. | | 340,866. |
| Other deductions | | 1,797,139. | | 1,797,139. |
| Total Deductions | | 4,475,722. | | 4,474,722. |
| Taxable income before NOL and special deductions | | 1,805,935. | | -5,583,075. |
| Net operating loss deduction - limited | | | | |
| Special deductions | STMT 7 | 6,658,295. | -6,658,295. | 0. |
| Taxable Income | | -4,852,360. | | -5,583,075. |

FORM 1120

SPECIAL DEDUCTIONS ADJUSTMENTS

STATEMENT 7

| TYPE OF DIVIDENDS | COMBINED
DEDUCTION | CONSOLIDATED
DEDUCTION |
|--|-----------------------|---------------------------|
| DOMESTIC CORPORATION 70 PERCENT DEDUCTION | | |
| DOMESTIC CORPORATION 80 PERCENT DEDUCTION | | |
| EBT-FINANCED STOCK DEDUCTION | | |
| PUBLIC UTILITIES 42 PERCENT DEDUCTION | | |
| PUBLIC UTILITIES 48 PERCENT DEDUCTION | | |
| FOREIGN CORPORATION 70 PERCENT DEDUCTION | | |
| FOREIGN CORPORATION 80 PERCENT DEDUCTION | | |
| HOLLY OWNED FOREIGN SUBSIDIARIES DEDUCTION | | |
| TOTAL DEDUCTIONS SUBJECT TO LIMITATION | | |
| RECEIVED BY SMALL BUSINESS INVESTMENT DEDUCTION | | |
| CERTAIN FSC'S DEDUCTION | | |
| AFFILIATED GROUP DEDUCTION | 6,658,295. | |
| DEDUCTION FOR DIVIDENDS PAID | | |
| TOTAL DEDUCTIONS | 6,658,295. | |
| TOTAL ADJUSTMENTS TO FORM 1120, PAGE 1, LINE 29B | | -6,658,295. |

ALLOCATION OF CURRENT CONSOLIDATED NET
OPERATING LOSS TO MEMBER CORPORATIONS

STATEMENT 8

| CURRENT
CONSOLIDATED
NOL | X | MEMBER'S
CURRENT
NOL | / | TOTAL OF ALL
MEMBERS
WITH NOL | = | NOL ALLOCATED
TO THIS
COMPANY |
|--------------------------------|---|-------------------------------|---|-------------------------------------|---|-------------------------------------|
| 12/31/01 | | ENERGY MERCHANT HOLDING, INC. | | | | |
| 5,583,075. | | 2,217,379. | | 6,185,644. | | 2,001,375. |
| 12/31/01 | | POWERINE OIL COMPANY | | | | |
| 5,583,075. | | 800. | | 6,185,644. | | 722. |
| 12/31/01 | | ENERGY MERCHANT CORP | | | | |
| 5,583,075. | | 3,967,465. | | 6,185,644. | | 3,580,978. |

CONTRIBUTIONS

STATEMENT 9

CARRYOVER OF PRIOR YEARS UNUSED CONTRIBUTIONS

FOR TAX YEAR 1996
FOR TAX YEAR 1997
FOR TAX YEAR 1998
FOR TAX YEAR 1999
FOR TAX YEAR 2000

TOTAL CARRYOVER

0

TOTAL CURRENT YEAR CONTRIBUTIONS

5,195

TOTAL CONTRIBUTIONS

5,195

10% OF TAXABLE INCOME AS ADJUSTED

-558,308

EXCESS CONTRIBUTIONS

5,195

ALLOWABLE CONTRIBUTIONS DEDUCTION

0

SCHEDULE OF COMBINED INCOME AND DEDUCTIONS

| | COMBINED
AMOUNTS | ENERGY
MERCHANT
HOLDING, INC.,
13-4104912 | EMC CAPITAL
CORP
51-0383350 | POWERINE OIL
COMPANY
95-4564080 | ANGLO
PETROLEUM
CORPORATION
95-4059009 | CORPORATE
DEVELOPMENT,
INC.
13-3817433 | ENERGY
MERCHANT CORP
13-3855623 |
|---|---------------------|--|-----------------------------------|---------------------------------------|---|---|---------------------------------------|
| Income | | | | | | | |
| Gross receipts or sales | | | | | | | |
| Less returns and allowances | | | | | | | |
| Net Sales | | | | | | | |
| Cost of goods sold: | | | | | | | |
| Inventory at beginning of year | | | | | | | |
| Purchases | | | | | | | |
| Cost of labor | | | | | | | |
| Additional section 263A costs | | | | | | | |
| Other costs | | | | | | | |
| Inventory end of year | | | | | | | |
| Cost of goods sold | | | | | | | |
| Gross profit | | | | | | | |
| Dividends | 6,658,433. | 1,156,091. | 138. | | | | 5,502,204. |
| Interest STATEMENT 11 | 1,215,755. | 792,512. | 423,208. | | | | 35. |
| Gross rents | | | | | | | |
| Gross royalties | | | | | | | |
| Capital gain net income | 1,413,167. | 24,390. | 1,388,777. | | | | |
| Net gain or (loss) Form 4797 | | | | | | | |
| Other income STATEMENT 12 | -3,005,698. | -3,018,128. | -188,779. | | | | 201,209. |
| Total Income | 6,281,657. | -1,045,135. | 1,623,344. | | | | 5,703,448. |
| Deductions | | | | | | | |
| Compensation of officers | 1,324,866. | | | | | | 1,324,866. |
| Salaries and wages | 372,900. | | | | | | 372,900. |
| Repairs | 3,268. | | | | | | 3,268. |
| Bad debts | | | | | | | |
| Rents | 346,567. | | | | | | 346,567. |
| Taxes STATEMENT 13 | 43,229. | | | 800. | | | 42,429. |
| Interest | 149,975. | | 149,975. | | | | |
| Charitable Contributions | 1,000. | | | | | | 1,000. |
| Depreciation not claimed elsewhere | 95,912. | | | | | | 95,912. |
| Depletion | | | | | | | |
| Advertising | | | | | | | |
| Pension, profit-sharing, etc., plans | | | | | | | |
| Employee benefit programs | 340,866. | | | | | | 340,866. |
| Other deductions STATEMENT 14 | 1,797,139. | 16,153. | 140,085. | | | | 1,640,901. |
| Total Deductions | 4,475,722. | 16,153. | 290,060. | 800. | | | 4,168,709. |
| Taxable income before NOL
and special deductions | 1,805,935. | -1,061,288. | 1,333,284. | -800. | | | 1,534,739. |
| Net operating loss deduction | | | | | | | |
| Special deductions | 6,658,295. | 1,156,091. | | | | | 5,502,204. |
| Taxable Income | -4,852,360. | -2,217,379. | 1,333,284. | -800. | | | -3,967,465. |

FORM 1120

CURRENT CHARITABLE CONTRIBUTIONS

STATEMENT 10

| | COMBINED
AMOUNTS | ENERGY
MERCHANT
HOLDING, INC. | EMC CAPITAL
CORP | POWERINE OIL
COMPANY | ANGLO
PETROLEUM
CORPORATION | CORPORATE
DEVELOPMENT,
INC. | ENERGY
MERCHANT CORP |
|---------------------------------|---------------------|-------------------------------------|---------------------|-------------------------|-----------------------------------|-----------------------------------|-------------------------|
| | | 13-4104912 | 51-0383350 | 95-4564080 | 95-4059009 | 13-3817433 | 13-3855623 |
| | 1,000. | | | | | | 1,000. |
| FROM ENERGY MERCHANT LLC | 2,195. | 2,195. | | | | | |
| FROM WILLIAMS TECHNOLOGIES, LLC | 2,000. | 2,000. | | | | | |
| TOTAL CURRENT CONTRIBUTIONS | 5,195. | 4,195. | | | | | 1,000. |

FORM 1120

COMBINED INTEREST INCOME

STATEMENT 11

| | COMBINED
AMOUNTS | ENERGY
MERCHANT
HOLDING, INC.
13-4104912 | EMC CAPITAL
CORP
51-0383350 | POWERINE OIL
COMPANY
95-4564080 | ANGLO
PETROLEUM
CORPORATION
95-4059009 | CORPORATE
DEVELOPMENT,
INC.
13-3817433 | ENERGY
MERCHANT CORP
13-3855623 |
|-------------------------------------|---------------------|---|-----------------------------------|---------------------------------------|---|---|---------------------------------------|
| ENERGY MERCHANT INVESTORS FUND, LLC | 345,857. | | 345,822. | | | | 35. |
| ENERGY MERCHANT LLC | 77,386. | | 77,386. | | | | |
| | 792,512. | 792,512. | | | | | |
| TOTAL INTEREST INCOME | 1,215,755. | 792,512. | 423,208. | | | | 35. |

FORM 1120

COMBINED OTHER INCOME

STATEMENT 12

| | COMBINED
AMOUNTS | ENERGY
MERCHANT
HOLDING, INC.
13-4104912 | EMC CAPITAL
CORP
51-0383350 | POWERINE OIL
COMPANY
95-4564080 | ANGLO
PETROLEUM
CORPORATION
95-4059009 | CORPORATE
DEVELOPMENT,
INC.
13-3817433 | ENERGY
MERCHANT CORP
13-3855623 |
|-------------------------------------|---------------------|---|-----------------------------------|---------------------------------------|---|---|---------------------------------------|
| CONSULTING FEES | 195,959. | | | | | | 195,959. |
| ENERGY MERCHANT INVESTORS FUND, LLC | -188,779. | | -188,779. | | | | |
| ENERGY MERCHANT LLC | -2,483,329. | -2,483,329. | | | | | |
| EXPENSE REIMBURSEMENTS | 5,250. | | | | | | 5,250. |
| WILLIAMS TECHNOLOGIES, LLC | -534,799. | -534,799. | | | | | |
| TOTAL OTHER INCOME | -3,005,698. | -3,018,128. | -188,779. | | | | 201,209. |

FORM 1120

COMBINED TAXES

STATEMENT 13

| | COMBINED
AMOUNTS | ENERGY
MERCHANT
HOLDING, INC.
13-4104912 | EMC CAPITAL
CORP
51-0383350 | POWERINE OIL
COMPANY
95-4564080 | ANGLO
PETROLEUM
CORPORATION
95-4059009 | CORPORATE
DEVELOPMENT,
INC.
13-3817433 | ENERGY
MERCHANT CORP
13-3855623 |
|--------------------------------------|---------------------|---|-----------------------------------|---------------------------------------|---|---|---------------------------------------|
| OTHER STATES TAXES - BASED ON INCOME | 800. | | | 800. | | | |
| PAYROLL TAXES | 42,429. | | | | | | 42,429. |
| TOTAL TAXES | 43,229. | | | 800. | | | 42,429. |

FORM 1120

COMBINED OTHER DEDUCTIONS

STATEMENT 14

| | COMBINED
AMOUNTS | ENERGY
MERCHANT
HOLDING, INC.
13-4104912 | EMC CAPITAL
CORP
51-0383350 | POWERINE OIL
COMPANY
95-4564080 | ANGLO
PETROLEUM
CORPORATION
95-4059009 | CORPORATE
DEVELOPMENT,
INC.
13-3817433 | ENERGY
MERCHANT CORP
13-3855623 |
|-------------------------------------|---------------------|---|-----------------------------------|---------------------------------------|---|---|---------------------------------------|
| ACCOUNTING | 5,610. | | | | | | 5,610. |
| AUTO AND TRUCK | 36,558. | | | | | | 36,558. |
| BANK CHARGES | 5,341. | | 1,638. | | | | 3,703. |
| CONSULTANTS | 270,098. | | | | | | 270,098. |
| DUES AND SUBSCRIPTIONS | 8,184. | | | | | | 8,184. |
| INSURANCE | 75,825. | | | | | | 75,825. |
| JANITORIAL | 11,184. | | | | | | 11,184. |
| LEGAL AND PROFESSIONAL | 675,506. | | | | | | 675,506. |
| MEALS AND ENTERTAINMENT | 73,860. | | | | | | 73,860. |
| MISCELLANEOUS | 16,153. | 16,153. | | | | | |
| OFFICE EXPENSE | 27,639. | | | | | | 27,639. |
| OFFICE EXPENSES | 113,248. | | 113,248. | | | | |
| OUTSIDE SERVICES | 33,086. | | | | | | 33,086. |
| PORTFOLIO DEDUCTIONS - EM INVESTORS | | | | | | | |
| FD LLC | 25,199. | | 25,199. | | | | |
| POSTAGE | 6,564. | | | | | | 6,564. |
| PRINTING | 2,608. | | | | | | 2,608. |
| SUPPLIES | 29,986. | | | | | | 29,986. |
| TELEPHONE | 45,481. | | | | | | 45,481. |
| TRAVEL AND LODGING | 313,410. | | | | | | 313,410. |
| UTILITIES | 21,599. | | | | | | 21,599. |
| TOTAL OTHER DEDUCTIONS | 1,797,139. | 16,153. | 140,085. | | | | 1,640,901. |

Statement of Consolidated Beginning Balance Sheet

Name

ENERGY MERCHANT CORP AND
SUBSIDIARIES

Employer identification number

13-3855623

| Assets | Schedule
Reference | Combined
Amounts | Consolidated
Adjustments | Consolidated
Amounts |
|---|-----------------------|---------------------|-----------------------------|-------------------------|
| Cash | | 596,845. | | 596,845. |
| Trade notes and accounts receivable | | | | |
| Less allowance for bad debts | | | | |
| Inventories | | | | |
| U.S. government obligations | | | | |
| Tax-exempt securities | | | | |
| Other current assets | | 25,143,454. | -882,544. | 24,260,910. |
| Loans to stockholders | | 200. | -200. | 0. |
| Mortgage and real estate loans | | | | |
| Other investments | | 39,028,833. | -30724324. | 8,304,509. |
| Buildings and other depreciable assets | | 589,523. | | 589,523. |
| Less accumulated depreciation | | 40,900. | | 40,900. |
| Depletable assets | | | | |
| Less accumulated depletion | | | | |
| Land (net of any amortization) | | | | |
| Intangible assets (amortizable only) | | | | |
| Less accumulated amortization | | | | |
| Other assets | | 60,000. | | 60,000. |
| Total Assets | | 65,377,955. | | 33,770,887. |
| Liabilities and Stockholders' Equity | | | | |
| Accounts payable | | | | |
| Mortgages, notes, bonds payable in less than 1 year | | | | |
| Other current liabilities | | 15,505,981. | -882,544. | 14,623,437. |
| Loans from stockholders | | 195,959. | | 195,959. |
| Mortgages, notes, bonds payable in 1 year or more | | | | |
| Other liabilities | | 8,487,170. | | 8,487,170. |
| Capital stock: a Preferred stock | | | | |
| b Common stock | | 4,350,701. | -1,000,701. | 3,350,000. |
| Additional paid-in capital | | 21,219,622. | -20462922. | 756,700. |
| Retained earnings - Appropriated | | | | |
| Retained earnings - Unappropriated | | 16,318,522. | -9,260,901. | 7,057,621. |
| Adjustments to shareholders' equity | | | | |
| Less cost of treasury stock | | 700,000. | | 700,000. |
| Total Liabilities and
Stockholders' Equity | | 65,377,955. | | 33,770,887. |

SCHEDULE OF COMBINED BEGINNING BALANCE SHEET

| | COMBINED
AMOUNTS | ENERGY
MERCHANT
HOLDING, INC.
13-4104912 | EMC CAPITAL
CORP
51-0383350 | POWERINE OIL
COMPANY
95-4564080 | ANGLO
PETROLEUM
CORPORATION
95-4059009 | CORPORATE
DEVELOPMENT,
INC.
13-3817433 | ENERGY
MERCHANT CORP
13-3855623 |
|---|---------------------|---|-----------------------------------|---------------------------------------|---|---|---------------------------------------|
| Assets | | | | | | | |
| Cash | 596,845. | | | | | | 596,845. |
| Trade notes and accounts receivable | | | | | | | |
| Less allowance for bad debts | | | | | | | |
| Inventories | | | | | | | |
| U.S. government obligations | | | | | | | |
| Tax-exempt securities | | | | | | | |
| Other current assets STATEMENT 15 | 25,143,454. | | | 1,348,851. | | | 23,794,603. |
| Loans to stockholders | 200. | | | | 100. | 100. | |
| Mortgage and real estate loans | | | | | | | |
| Other investments STATEMENT 16 | 39,028,833. | 19,463,423. | 10,260,901. | | | | 9,304,509. |
| Buildings and other depreciable assets | 589,523. | | | | | | 589,523. |
| Less accumulated depreciation | 40,900. | | | | | | 40,900. |
| Depletable assets | | | | | | | |
| Less accumulated depletion | | | | | | | |
| Land (net of any amortization) | | | | | | | |
| Intangible assets (amortizable only) | | | | | | | |
| Less accumulated amortization | | | | | | | |
| Other assets STATEMENT 17 | 60,000. | | | | | | 60,000. |
| Total Assets | 65,377,955. | 19,463,423. | 10,260,901. | 1,348,851. | 100. | 100. | 34,304,580. |
| Liabilities and Stockholders' Equity | | | | | | | |
| Accounts payable | | | | | | | |
| Mortgages, notes, bonds payable in less than 1 year | | | | | | | |
| Other current liabilities STATEMENT 18 | 15,505,981. | | | 4,155,567. | | | 11,350,414. |
| Loans from stockholders | 195,959. | | | | | | 195,959. |
| Mortgages, notes, bonds payable in 1 year or more | | | | | | | |
| Other liabilities STATEMENT 19 | 8,487,170. | | | 8,487,170. | | | |
| Capital stock: a Preferred stock | | | | | | | |
| b Common stock | 4,350,701. | 500. | 1,000,000. | 1. | 100. | 100. | 3,350,000. |
| Additional paid-in capital | 21,219,622. | 19,462,923. | | 999,999. | | | 756,700. |
| Retained earnings - Apportioned | | | | | | | |
| Retained earnings - Unappropriated | 16,318,522. | | 9,260,901. | -12,293,886. | | | 19,351,507. |
| Adjustments to shareholders' equity | | | | | | | |
| Less cost of treasury stock | 700,000. | | | | | | 700,000. |
| Total Liabilities and Stockholders' Equity | 65,377,955. | 19,463,423. | 10,260,901. | 1,348,851. | 100. | 100. | 34,304,580. |

| SCHEDULE L | COMBINED OTHER CURRENT ASSETS | | | | | | STATEMENT 15 |
|----------------------------|-------------------------------|---|-----------------------------------|---------------------------------------|---|---|---------------------------------------|
| | COMBINED
AMOUNTS | ENERGY
MERCHANT
HOLDING, INC.
13-4104912 | EMC CAPITAL
CORP
51-0383350 | POWERINE OIL
COMPANY
95-4564080 | ANGLO
PETROLEUM
CORPORATION
95-4059009 | CORPORATE
DEVELOPMENT,
INC.
13-3817433 | ENERGY
MERCHANT CORP
13-3855623 |
| ADVEST STOCK & BONDS | 9,233,836. | | | | | | 9,233,836. |
| CA PREPAID TAXES | 76,201. | | | | | | 76,201. |
| DUE FROM AFFILIATES | 882,544. | | | 882,544. | | | |
| DUE FROM AFFILIATES | 12,064,783. | | | | | | 12,064,783. |
| OTHER RECEIVABLES | 466,307. | | | 466,307. | | | |
| OTHER RECEIVABLES | 2,419,783. | | | | | | 2,419,783. |
| TOTAL OTHER CURRENT ASSETS | 25,143,454. | | | 1,348,851. | | | 23,794,603. |

SCHEDULE L

COMBINED OTHER INVESTMENTS

STATEMENT 16

| | COMBINED
AMOUNTS | ENERGY
MERCHANT
HOLDING, INC.
13-4104912 | EMC CAPITAL
CORP
51-0383350 | POWERINE OIL
COMPANY
95-4564080 | ANGLO
PETROLEUM
CORPORATION
95-4059009 | CORPORATE
DEVELOPMENT,
INC.
13-3817433 | ENERGY
MERCHANT CORP
13-3855623 |
|-------------------------|---------------------|---|-----------------------------------|---------------------------------------|---|---|---------------------------------------|
| ADVEST | 2,248,257. | | 2,248,257. | | | | |
| DESIGN-ARCHITECUTRE.COM | 250,000. | | | | | | 250,000. |
| DUE FROM AFFILIATES | 1,904,738. | | 1,904,738. | | | | |
| EM LLC | 9,392,829. | 9,392,829. | | | | | |
| EMC CAPITAL CORP | 10,260,901. | 10,260,901. | | | | | |
| EMC HANDLES GMBH | 218,388. | | | | | | 218,388. |
| EMH INC | 7,508,621. | | | | | | 7,508,621. |
| EMS LLC - SPC | 100,000. | 100,000. | | | | | |
| MARGIN ACCOUNTS | 6,107,906. | | 6,107,906. | | | | |
| POWERINE OIL COMPANY | 1,000,000. | | | | | | 1,000,000. |
| WCC-PENN OCTANE | 327,500. | | | | | | 327,500. |
| WT LLC | -290,307. | -290,307. | | | | | |
| TOTAL OTHER INVESTMENTS | 39,028,833. | 19,463,423. | 10,260,901. | | | | 9,304,509. |

SCHEDULE L

COMBINED OTHER ASSETS

STATEMENT 17

| | COMBINED
AMOUNTS | ENERGY
MERCHANT
HOLDING, INC. | EMC CAPITAL
CORP | POWERINE OIL
COMPANY | ANGLO
PETROLEUM
CORPORATION | CORPORATE
DEVELOPMENT,
INC. | ENERGY
MERCHANT CORP |
|--------------------|---------------------|-------------------------------------|---------------------|-------------------------|-----------------------------------|-----------------------------------|-------------------------|
| | | 13-4104912 | 51-0383350 | 95-4564080 | 95-4059009 | 13-3817433 | 13-3855623 |
| DEPOSITS | 60,000. | | | | | | 60,000. |
| TOTAL OTHER ASSETS | 60,000. | | | | | | 60,000. |

| SCHEDULE L | OTHER CURRENT LIABILITIES | | | | | | STATEMENT 18 |
|---------------------------------|---------------------------|-------------------------------------|---------------------|-------------------------|-----------------------------------|-----------------------------------|-------------------------|
| | COMBINED
AMOUNTS | ENERGY
MERCHANT
HOLDING, INC. | EMC CAPITAL
CORP | POWERINE OIL
COMPANY | ANGLO
PETROLEUM
CORPORATION | CORPORATE
DEVELOPMENT,
INC. | ENERGY
MERCHANT CORP |
| | | 13-4104912 | 51-0383350 | 95-4564080 | 95-4059009 | 13-3817433 | 13-3855623 |
| ACCRUED EXPENSES | 10,183,204. | | | | | | 10,183,204. |
| ACCRUED INCOME CENCO | 466,307. | | | 466,307. | | | |
| ASSIGNED PAYABLES | 3,340,023. | | | 3,340,023. | | | |
| DUE TO AFFILIATES | 1,167,210. | | | | | | 1,167,210. |
| ENVIRONMENTAL TAXES | 349,237. | | | 349,237. | | | |
| TOTAL OTHER CURRENT LIABILITIES | 15,505,981. | | | 4,155,567. | | | 11,350,414. |

| SCHEDULE L | COMBINED OTHER LIABILITIES | | | | | | | STATEMENT | 19 |
|-------------------------|----------------------------|-------------------------------------|---------------------|-------------------------|-----------------------------------|-----------------------------------|-------------------------|-----------|----|
| | COMBINED
AMOUNTS | ENERGY
MERCHANT
HOLDING, INC. | EMC CAPITAL
CORP | POWERINE OIL
COMPANY | ANGLO
PETROLEUM
CORPORATION | CORPORATE
DEVELOPMENT,
INC. | ENERGY
MERCHANT CORP | | |
| | | 13-4104912 | 51-0383350 | 95-4564080 | 95-4059009 | 13-3817433 | 13-3855623 | | |
| EPA LIABILITIES | 8,487,170. | | | 8,487,170. | | | | | |
| TOTAL OTHER LIABILITIES | 8,487,170. | | | 8,487,170. | | | | | |

Statement of Consolidated Ending Balance Sheet

| | |
|--|--|
| Name
ENERGY MERCHANT CORP AND
SUBSIDIARIES | Employer identification number
13-3855623 |
|--|--|

| Assets | Schedule
Reference | Combined
Amounts | Consolidated
Adjustments | Consolidated
Amounts |
|---|-----------------------|---------------------|-----------------------------|-------------------------|
| Cash | | 347,931. | | 347,931. |
| Trade notes and accounts receivable | | | | |
| Less allowance for bad debts | | | | |
| Inventories | | | | |
| U.S. government obligations | | | | |
| Tax-exempt securities | | | | |
| Other current assets | | 7,811,786. | -881,745. | 6,930,041. |
| Loans to stockholders | | 200. | -200. | 0. |
| Mortgage and real estate loans | | | | |
| Other investments | | 62,816,633. | -45410277. | 17,406,356. |
| Buildings and other depreciable assets | | 636,263. | | 636,263. |
| Less accumulated depreciation | | 130,187. | | 130,187. |
| Depletable assets | | | | |
| Less accumulated depletion | | | | |
| Land (net of any amortization) | | | | |
| Intangible assets (amortizable only) | | | | |
| Less accumulated amortization | | | | |
| Other assets | | 60,000. | | 60,000. |
| Total Assets | | 71,542,626. | | 25,250,404. |
| Liabilities and Stockholders' Equity | | | | |
| Accounts payable | | | | |
| Mortgages, notes, bonds payable in less than 1 year | | | | |
| Other current liabilities | | 12,933,326. | -8,909,403. | 4,023,923. |
| Loans from stockholders | | | | |
| Mortgages, notes, bonds payable in 1 year or more | | | | |
| Other liabilities | | 8,487,170. | | 8,487,170. |
| Capital stock: a Preferred stock | | | | |
| b Common stock | | 4,350,701. | -1,000,701. | 3,350,000. |
| Additional paid-in capital | | 21,219,622. | -20462922. | 756,700. |
| Retained earnings - Appropriated | | | | |
| Retained earnings - Unappropriated | | 25,658,807. | -15919196. | 9,739,611. |
| Adjustments to shareholders' equity | | | | |
| Less cost of treasury stock | | 1,107,000. | | 1,107,000. |
| Total Liabilities and Stockholders' Equity | | 71,542,626. | | 25,250,404. |

SCHEDULE OF COMBINED ENDING BALANCE SHEET

| | COMBINED
AMOUNTS | ENERGY
MERCHANT
HOLDING, INC.
13-4104912 | EMC CAPITAL
CORP
51-0383350 | POWERINE OIL
COMPANY
95-4564080 | ANGLO
PETROLEUM
CORPORATION
95-4059009 | CORPORATE
DEVELOPMENT,
INC.
13-3817433 | ENERGY
MERCHANT CORP
13-3855623 |
|---|---------------------|---|-----------------------------------|---------------------------------------|---|---|---------------------------------------|
| Assets | | | | | | | |
| Cash | 347,931. | | | | | | 347,931. |
| Trade notes and accounts receivable | | | | | | | |
| Less allowance for bad debts | | | | | | | |
| Inventories | | | | | | | |
| U.S. government obligations | | | | | | | |
| Tax-exempt securities | | | | | | | |
| Other current assets STATEMENT 20 | 7,811,786. | | | 881,744. | | | 6,930,042. |
| Loans to stockholders | 200. | | | | 100. | 100. | |
| Mortgage and real estate loans | | | | | | | |
| Other investments STATEMENT 21 | 62,816,633. | 24,965,627. | 11,416,992. | | | | 26,434,014. |
| Buildings and other depreciable assets | 636,263. | | | | | | 636,263. |
| Less accumulated depreciation | 130,187. | | | | | | 130,187. |
| Depletable assets | | | | | | | |
| Less accumulated depletion | | | | | | | |
| Land (net of any amortization) | | | | | | | |
| Intangible assets (amortizable only) | | | | | | | |
| Less accumulated amortization | | | | | | | |
| Other assets STATEMENT 22 | 60,000. | | | | | | 60,000. |
| Total Assets | 71,542,626. | 24,965,627. | 11,416,992. | 881,744. | 100. | 100. | 34,278,063. |
| Liabilities and Stockholders' Equity | | | | | | | |
| Accounts payable | | | | | | | |
| Mortgages, notes, bonds payable in less than 1 year | | | | | | | |
| Other current liabilities STATEMENT 23 | 12,933,326. | | | 3,689,260. | | | 9,244,066. |
| Loans from stockholders | | | | | | | |
| Mortgages, notes, bonds payable in 1 year or more | | | | | | | |
| Other liabilities STATEMENT 24 | 8,487,170. | | | 8,487,170. | | | |
| Capital stock: a Preferred stock | | | | | | | |
| b Common stock | 4,350,701. | 500. | 1,000,000. | 1. | 100. | 100. | 3,350,000. |
| Additional paid-in capital | 21,219,622. | 19,462,923. | | 999,999. | | | 756,700. |
| Retained earnings - Apportioned | | | | | | | |
| Retained earnings - Unappropriated | 25,658,807. | 5,502,204. | 10,416,992. | -12,294,686. | | | 22,034,297. |
| Adjustments to shareholders' equity | | | | | | | |
| Less cost of treasury stock | 1,107,000. | | | | | | 1,107,000. |
| Total Liabilities and Stockholders' Equity | 71,542,626. | 24,965,627. | 11,416,992. | 881,744. | 100. | 100. | 34,278,063. |

SCHEDULE L

COMBINED OTHER CURRENT ASSETS

STATEMENT 20

| | COMBINED
AMOUNTS | ENERGY
MERCHANT
HOLDING, INC. | EMC CAPITAL
CORP | POWERINE OIL
COMPANY | ANGLO
PETROLEUM
CORPORATION | CORPORATE
DEVELOPMENT,
INC. | ENERGY
MERCHANT CORP |
|----------------------------|---------------------|-------------------------------------|---------------------|-------------------------|-----------------------------------|-----------------------------------|-------------------------|
| | | 13-4104912 | 51-0383350 | 95-4564080 | 95-4059009 | 13-3817433 | 13-3855623 |
| CA PREPAID TAXES | 75,401. | | | | | | 75,401. |
| DUE FROM AFFILIATES | 881,744. | | | 881,744. | | | |
| DUE FROM AFFILIATES | 2,877,131. | | | | | | 2,877,131. |
| OTHER RECEIVABLES | 2,427,510. | | | | | | 2,427,510. |
| PREPAID FEDERAL TAX | 1,550,000. | | | | | | 1,550,000. |
| TOTAL OTHER CURRENT ASSETS | 7,811,786. | | | 881,744. | | | 6,930,042. |

| SCHEDULE L | COMBINED OTHER INVESTMENTS | | | | | | | STATEMENT | 21 |
|-------------------------|----------------------------|---|-----------------------------------|---------------------------------------|---|---|---------------------------------------|-----------|----|
| | COMBINED
AMOUNTS | ENERGY
MERCHANT
HOLDING, INC.
13-4104912 | EMC CAPITAL
CORP
51-0383350 | POWERINE OIL
COMPANY
95-4564080 | ANGLO
PETROLEUM
CORPORATION
95-4059009 | CORPORATE
DEVELOPMENT,
INC.
13-3817433 | ENERGY
MERCHANT CORP
13-3855623 | | |
| ADVEST | 2,079,519. | | 2,079,519. | | | | | | |
| DESIGN-ARCHITECUTRE.COM | 250,000. | | | | | | 250,000. | | |
| DUE FROM AFFILIATES | 8,027,659. | | 8,027,659. | | | | | | |
| EM INVESTORS FUND LLC | 1,292,042. | | 1,292,042. | | | | | | |
| EM LLC | 14,277,358. | 14,277,358. | | | | | | | |
| EMC CAPITAL CORP | 11,416,992. | 11,416,992. | | | | | | | |
| EMC HANDLES GMBH | 218,388. | | | | | | 218,388. | | |
| EMH INC | 24,965,626. | | | | | | 24,965,626. | | |
| EMS LLC - SPC | 100,000. | 100,000. | | | | | | | |
| MARGIN ACCOUNTS | 17,772. | | 17,772. | | | | | | |
| POWERINE OIL COMPANY | 1,000,000. | | | | | | 1,000,000. | | |
| WT LLC | -828,723. | -828,723. | | | | | | | |
| TOTAL OTHER INVESTMENTS | 62,816,633. | 24,965,627. | 11,416,992. | | | | 26,434,014. | | |

| SCHEDULE L | COMBINED OTHER ASSETS | | | | | | | STATEMENT 22 | |
|--------------------|-----------------------|-------------------------------------|---------------------|-------------------------|-----------------------------------|-----------------------------------|-------------------------|--------------|--|
| | COMBINED
AMOUNTS | ENERGY
MERCHANT
HOLDING, INC. | EMC CAPITAL
CORP | POWERINE OIL
COMPANY | ANGLO
PETROLEUM
CORPORATION | CORPORATE
DEVELOPMENT,
INC. | ENERGY
MERCHANT CORP | | |
| | | 13-4104912 | 51-0383350 | 95-4564080 | 95-4059009 | 13-3817433 | 13-3855623 | | |
| DEPOSITS | 60,000. | | | | | | | 60,000. | |
| TOTAL OTHER ASSETS | 60,000. | | | | | | | 60,000. | |

| SCHEDULE L | OTHER CURRENT LIABILITIES | | | | | | | STATEMENT | 23 |
|---------------------------------|---------------------------|-------------------------------------|---------------------|-------------------------|-----------------------------------|-----------------------------------|-------------------------|-----------|----|
| | COMBINED
AMOUNTS | ENERGY
MERCHANT
HOLDING, INC. | EMC CAPITAL
CORP | POWERINE OIL
COMPANY | ANGLO
PETROLEUM
CORPORATION | CORPORATE
DEVELOPMENT,
INC. | ENERGY
MERCHANT CORP | | |
| | | 13-4104912 | 51-0383350 | 95-4564080 | 95-4059009 | 13-3817433 | 13-3855623 | | |
| ASSIGNED PAYABLES | 3,340,023. | | | 3,340,023. | | | | | |
| DUE TO AFFILIATES | 9,244,066. | | | | | | 9,244,066. | | |
| ENVIRONMENTAL TAXES | 349,237. | | | 349,237. | | | | | |
| TOTAL OTHER CURRENT LIABILITIES | 12,933,326. | | | 3,689,260. | | | 9,244,066. | | |

| SCHEDULE L | COMBINED OTHER LIABILITIES | | | | | | | STATEMENT | 24 |
|-------------------------|----------------------------|-------------------------------------|---------------------|-------------------------|-----------------------------------|-----------------------------------|-------------------------|-----------|----|
| | COMBINED
AMOUNTS | ENERGY
MERCHANT
HOLDING, INC. | EMC CAPITAL
CORP | POWERINE OIL
COMPANY | ANGLO
PETROLEUM
CORPORATION | CORPORATE
DEVELOPMENT,
INC. | ENERGY
MERCHANT CORP | | |
| | | 13-4104912 | 51-0383350 | 95-4564080 | 95-4059009 | 13-3817433 | 13-3855623 | | |
| EPA LIABILITIES | 8,487,170. | | | 8,487,170. | | | | | |
| TOTAL OTHER LIABILITIES | 8,487,170. | | | 8,487,170. | | | | | |

Statement of Consolidated Schedules M-1 and M-2

Name

Employer identification number

ENERGY MERCHANT CORP AND
SUBSIDIARIES

13-3855623

| Schedule
M-1 | Reconciliation of
Income per Books with
Income per Return | Schedule
Reference | Combined
Amounts | Consolidated
Adjustments | Consolidated
Amounts |
|-----------------|---|-----------------------|---------------------|-----------------------------|-------------------------|
| | Net income per books | | 9,340,285. | | 2,681,990. |
| | Federal income tax | | -1,550,000. | | -1,550,000. |
| | Excess of capital losses over capital gains | | 731,715. | -731,715. | 0. |
| | Income subject to tax not recorded on books
this year | | 192,372. | | 192,372. |
| | Expenses recorded on books this year not deducted
in this return (itemize): | | | | |
| | Depreciation | | 6,598. | -6,598. | 0. |
| | Contributions carryover | | 4,195. | 1,000. | 5,195. |
| | Travel and entertainment | | 83,837. | | 83,837. |
| | Other | | 558. | | 558. |
| | Total Increases | | 8,809,560. | | 1,413,952. |
| | Income recorded on books this year not included
in this return (itemize): | | | | |
| | Tax-exempt interest | | | | |
| | Other | | 6,600,000. | | 6,600,000. |
| | Deductions in this tax return not charged against
book income this year (itemize): | | | | |
| | Depreciation | | 6,625. | -6,598. | 27. |
| | Contributions carryover | | | | |
| | Other | | 397,000. | | 397,000. |
| | Total Decreases | | 7,003,625. | | 6,997,027. |
| | Taxable Income | | 1,805,935. | | -5,583,075. |
| Schedule
M-2 | Analysis of
Unappropriated
Retained Earnings
per Books | | | | |
| | Balance at beginning of year | | 16,318,522. | -9,260,901. | 7,057,621. |
| | Net income per books | | 9,340,285. | | 2,681,990. |
| | Other increases | | | | |
| | Total Increases | | 25,658,807. | | 9,739,611. |
| | Distributions: Cash | | | | |
| | Stock | | | | |
| | Property | | | | |
| | Other decreases | | | | |
| | Total Decreases | | | | |
| | Balance at End of Year | | 25,658,807. | | 9,739,611. |

SCHEDULE OF COMBINED SCHEDULES M-1 AND M-2

| | COMBINED
AMOUNTS | ENERGY
MERCHANT
HOLDING, INC.
13-4104912 | EMC CAPITAL
CORP
51-0383350 | POWERINE OIL
COMPANY
95-4564080 | ANGLO
PETROLEUM
CORPORATION
95-4059009 | CORPORATE
DEVELOPMENT,
INC.
13-3817433 | ENERGY
MERCHANT CORP
13-3855623 |
|---|---------------------|---|-----------------------------------|---------------------------------------|---|---|---------------------------------------|
| Schedule M-1 | | | | | | | |
| Net income per books | 9,340,285. | 5,502,204. | 1,156,091. | -800. | | | 2,682,790. |
| Federal income tax | -1,550,000. | | | | | | -1,550,000. |
| Excess of capital losses over capital gains | 731,715. | | | | | | 731,715. |
| Income subject to tax not recorded on books
this year (itemize): SEE STATEMENT 25 | 192,372. | 15,179. | 177,193. | | | | |
| Expenses recorded on books this year not
deducted in this return (itemize): | | | | | | | |
| Depreciation | 6,598. | 6,598. | | | | | |
| Contribution carryover | 4,195. | 4,195. | | | | | |
| Travel and entertainment | 83,837. | 9,978. | | | | | 73,859. |
| Other SEE STATEMENT 26 | 558. | 558. | | | | | |
| Total Increases | 8,809,560. | 5,538,712. | 1,333,284. | -800. | | | 1,938,364. |
| Income recorded on books this year not
included in this return (itemize): | | | | | | | |
| Tax-exempt interest | | | | | | | |
| Other SEE STATEMENT 27 | 6,600,000. | 6,600,000. | | | | | |
| Deductions in this tax return not charged
against book income this year (itemize): | | | | | | | |
| Depreciation | 6,625. | | | | | | 6,625. |
| Contribution carryover | | | | | | | |
| Other SEE STATEMENT 28 | 397,000. | | | | | | 397,000. |
| Total Decreases | 7,003,625. | 6,600,000. | | | | | 403,625. |
| Taxable Income | 1,805,935. | -1,061,288. | 1,333,284. | -800. | | | 1,534,739. |
| Schedule M-2 | | | | | | | |
| Balance at beginning of year | 16,318,522. | | 9,260,901. | -12,293,886. | | | 19,351,507. |
| Net income per books | 9,340,285. | 5,502,204. | 1,156,091. | -800. | | | 2,682,790. |
| Other increases | | | | | | | |
| Total Increases | 25,658,807. | 5,502,204. | 10,416,992. | -12,294,686. | | | 22,034,297. |
| Distributions: Cash | | | | | | | |
| Stock | | | | | | | |
| Property | | | | | | | |
| Other decreases | | | | | | | |
| Total Decreases | | | | | | | |
| Balance at End of Year | 25,658,807. | 5,502,204. | 10,416,992. | -12,294,686. | | | 22,034,297. |

| SCHEDULE M-1 | COMBINED INCOME NOT RECORDED ON BOOKS | | | | | | | STATEMENT | 25 |
|------------------------------------|---------------------------------------|-------------------------------------|---------------------|-------------------------|-----------------------------------|-----------------------------------|-------------------------|-----------|----|
| | COMBINED
AMOUNTS | ENERGY
MERCHANT
HOLDING, INC. | EMC CAPITAL
CORP | POWERINE OIL
COMPANY | ANGLO
PETROLEUM
CORPORATION | CORPORATE
DEVELOPMENT,
INC. | ENERGY
MERCHANT CORP | | |
| | | 13-4104912 | 51-0383350 | 95-4564080 | 95-4059009 | 13-3817433 | 13-3855623 | | |
| 2000 CAPITAL GAIN | 15,179. | 15,179. | | | | | | | |
| 2000 UNREALIZED GAINS | 177,193. | | 177,193. | | | | | | |
| TOTAL INCOME NOT RECORDED ON BOOKS | 192,372. | 15,179. | 177,193. | | | | | | |

SCHEDULE M-1

COMBINED EXPENSES NOT DEDUCTED IN RETURN

STATEMENT 26

| | COMBINED
AMOUNTS | ENERGY
MERCHANT
HOLDING, INC. | EMC CAPITAL
CORP | POWERINE OIL
COMPANY | ANGLO
PETROLEUM
CORPORATION | CORPORATE
DEVELOPMENT,
INC. | ENERGY
MERCHANT CORP |
|------------------------------|---------------------|-------------------------------------|---------------------|-------------------------|-----------------------------------|-----------------------------------|-------------------------|
| | | 13-4104912 | 51-0383350 | 95-4564080 | 95-4059009 | 13-3817433 | 13-3855623 |
| PENALTIES | 558. | 558. | | | | | |
| TOTAL EXPENSES NOT IN RETURN | 558. | 558. | | | | | |

SCHEDULE M-1

COMBINED INCOME NOT INCLUDED IN RETURN

STATEMENT 27

| | COMBINED
AMOUNTS | ENERGY
MERCHANT
HOLDING, INC. | EMC CAPITAL
CORP | POWERINE OIL
COMPANY | ANGLO
PETROLEUM
CORPORATION | CORPORATE
DEVELOPMENT,
INC. | ENERGY
MERCHANT CORP |
|-------------------------------------|---------------------|-------------------------------------|---------------------|-------------------------|-----------------------------------|-----------------------------------|-------------------------|
| | | 13-4104912 | 51-0383350 | 95-4564080 | 95-4059009 | 13-3817433 | 13-3855623 |
| UNREALIZED GAIN ON NOTE REC | 6,600,000. | 6,600,000. | | | | | |
| TOTAL INCOME NOT INCLUDED IN RETURN | 6,600,000. | 6,600,000. | | | | | |

SCHEDULE M-1

COMBINED DEDUCTIONS NOT ON BOOKS

STATEMENT

| | COMBINED
AMOUNTS | ENERGY
MERCHANT
HOLDING, INC. | EMC CAPITAL
CORP | POWERINE OIL
COMPANY | ANGLO
PETROLEUM
CORPORATION | CORPORATE
DEVELOPMENT,
INC. | ENERGY
MERCHANT CORP |
|------------------------------|---------------------|-------------------------------------|---------------------|-------------------------|-----------------------------------|-----------------------------------|-------------------------|
| | | 13-4104912 | 51-0383350 | 95-4564080 | 95-4059009 | 13-3817433 | 13-3855623 |
| OFFICER COMPENSATION | 397,000. | | | | | | 397,000. |
| TOTAL DEDUCIONS NOT ON BOOKS | 397,000. | | | | | | 397,000. |

Statement of Consolidated Dividend Income

Name

Employer identification number

ENERGY MERCHANT CORP AND
SUBSIDIARIES

13-3855623

| Dividends | Schedule
Reference | Combined
Amounts | Consolidated
Adjustments | Consolidated
Amounts |
|--|-----------------------|---------------------|-----------------------------|-------------------------|
| Dividends from less-than-20%-owned domestic corporations that are subject to the 70% deduction (other than debt-financed stock) | | | | |
| Dividends from 20%-or-more-owned domestic corporations that are subject to the 80% deduction (other than debt-financed stock) | | | | |
| Dividends on debt-financed stock of domestic and foreign corporations (section 246A) | | | | |
| Dividends on certain preferred stock of less-than-20%-owned public utilities | | | | |
| Dividends on certain preferred stock of 20%-or-more-owned public utilities | | | | |
| Dividends from less-than-20%-owned foreign corporations and certain FSCs that are subject to the 70% deduction | | | | |
| Dividends from 20%-or-more-owned foreign corporations and certain FSCs that are subject to the 80% deduction | | | | |
| Dividends from wholly owned foreign subsidiaries subject to the 100% deduction (section 245(b)) | | | | |
| Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958 | | | | |
| Dividends from certain FSCs that are subject to the 100% deduction (section 245(c)(1)) | | | | |
| Dividends from affiliated group members subject to the 100% deduction (section 243(a)(3)) | | 6,658,295. | -6,658,295. | 0. |
| Other dividends from foreign corporations not included above | | | | |
| Income from controlled foreign corporations under subpart F | | | | |
| Foreign dividend gross-up (section 78) | | | | |
| IC-DISC and former DISC dividends not included above | | | | |
| Other dividends | | | | |
| Total Dividends | | 6,658,295. | | 0. |

SCHEDULE OF COMBINED DIVIDEND INCOME

| | COMBINED
AMOUNTS | ENERGY
MERCHANT
HOLDING, INC.
13-4104912 | EMC CAPITAL
CORP
51-0383350 | POWERLINE OIL
COMPANY
95-4564080 | ANGLO
PETROLEUM
CORPORATION
95-4059009 | CORPORATE
DEVELOPMENT,
INC.
13-3817433 | ENERGY
MERCHANT CORP
13-3855623 |
|--|---------------------|---|-----------------------------------|--|---|---|---------------------------------------|
| Dividend Income | | | | | | | |
| dividends from less-than-20%-owned domestic corporations that are subject to the 70% deduction (other than debt-financed stock) | | | | | | | |
| dividends from less-than-20%-owned domestic corporations that are subject to the 80% deduction (other than debt-financed stock) | | | | | | | |
| dividends on debt-financed stock of domestic and foreign corporations (section 246A) | | | | | | | |
| dividends on certain preferred stock of less-than-20%-owned public utilities | | | | | | | |
| Dividends on certain preferred stock of 20%-or-more-owned public utilities | | | | | | | |
| Dividends from less-than-20%-owned foreign corporations and certain FSCs that are subject to the 70% deduction | | | | | | | |
| Dividends from 20%-or-more-owned foreign corporations and certain FSCs that are subject to the 80% deduction | | | | | | | |
| Dividends from wholly owned foreign subsidiaries subject to the 100% deduction (section 245(b)) | | | | | | | |
| Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958 | | | | | | | |
| Dividends from certain FSCs that are subject to the 100% deduction (section 245(c)(1)) | | | | | | | |
| Dividends from affiliated group members subject to the 100% deduction (section 243(a)(3)) | 6,658,295. | 1,156,091. | | | | | 5,502,204. |
| Other dividends from foreign corporations not included above | | | | | | | |
| Income from controlled foreign corporations under subpart F | | | | | | | |
| Foreign dividend gross-up (section 78) | | | | | | | |
| IC-DISC and former DISC dividends not included above | | | | | | | |
| Other dividends | | | | | | | |
| Total Dividends | 6,658,295. | 1,156,091. | | | | | 5,502,204. |

Statement of Consolidated Alternative Minimum Tax

Name

ENERGY MERCHANT CORP AND
SUBSIDIARIES

Employer identification number

13-3855623

| Alternative Minimum Taxable
Income | Schedule
Reference | Combined
Amounts | Consolidated
Adjustments | Consolidated
Amounts |
|--|-----------------------|---------------------|-----------------------------|-------------------------|
| Taxable income or (loss) before NOL deduction | | -4,852,360. | | -5,583,075. |
| Adjustments and Preferences | | | | |
| Depreciation of tangible property | | 1,788. | | 1,788. |
| Amortization of certified pollution control facilities | | | | |
| Amortization of mining exploration and development costs | | | | |
| Amortization of circulation expenditures | | | | |
| Basis adjustments | | | | |
| Long-term contracts entered into after Feb. 28, 1986 | | | | |
| Installment sales of certain property | | | | |
| Merchant marine capital construction funds | | | | |
| Section 833(b) deduction | | | | |
| Tax shelter farm activities | | | | |
| Passive activities | | | | |
| Certain loss limitations | | | | |
| Depletion | | | | |
| Private activity bonds issued after August 7, 1986 | | | | |
| Intangible drilling costs | | | | |
| Accelerated depreciation of real property | | | | |
| Accelerated depreciation of leased personal property | | | | |
| Other adjustments | | | | |
| Total Adjustment
and Preference Items | | 1,788. | | 1,788. |
| Pre-adjustment AMTI | | -4,850,572. | | -5,581,287. |
| Adjusted current earnings adjustment | | 71,934. | | 71,934. |
| Combine pre-adjustment AMTI and above amount | | -4,778,638. | | -5,509,353. |
| Alternative tax NOL deduction | | | | |
| Alternative Minimum
Taxable Income | | -4,778,638. | | -5,509,353. |

ALLOCATION OF CURRENT CONSOLIDATED AMT NET
OPERATING LOSS TO MEMBER CORPORATIONS

STATEMENT 29

| CURRENT
CONSOLIDATED
AMT NOL | | X | MEMBER'S
CURRENT
AMT NOL | / | TOTAL OF ALL
MEMBERS
WITH AMT NOL | = | AMT
NOL ALLOCATED
TO THIS
COMPANY |
|------------------------------------|-------------------------------|---|--------------------------------|---|---|---|--|
| 12/31/01 | ENERGY MERCHANT HOLDING, INC. | | | | | | |
| | 5,509,353. | | 2,215,591. | | 6,111,922. | | 1,997,158. |
| 12/31/01 | POWERINE OIL COMPANY | | | | | | |
| | 5,509,353. | | 800. | | 6,111,922. | | 721. |
| 12/31/01 | ENERGY MERCHANT CORP | | | | | | |
| | 5,509,353. | | 3,895,531. | | 6,111,922. | | 3,511,474. |

FORM 4626

AMT CONTRIBUTIONS

STATEMENT 30

CARRYOVER OF PRIOR YEARS UNUSED CONTRIBUTIONS

FOR TAX YEAR 1996

FOR TAX YEAR 1997

FOR TAX YEAR 1998

FOR TAX YEAR 1999

FOR TAX YEAR 2000

TOTAL CARRYOVER

CURRENT YEAR CONTRIBUTIONS

5,195

TOTAL CONTRIBUTIONS

5,195

10% OF TAXABLE INCOME AS ADJUSTED

0

EXCESS CONTRIBUTIONS

5,195

ALLOWABLE CONTRIBUTIONS

0

FORM 4626

AMT CONTRIBUTION LIMITATION

STATEMENT 31

| | |
|---|------------|
| 1) REGULAR TAXABLE INCOME BEFORE NOL AND BEFORE CHARITABLE CONTRIBUTIONS | -5,583,075 |
| 2) ADD: OTHER AMT ADJUSTMENT AND PREFERENCE ITEMS
OTHER THAN ACE AND CHARITABLE CONTRIBUTIONS | 1,788 |
| 3) PREADJUSTMENT AMTI BEFORE ACE, CHARITABLE DEDUCTIONS,
AND NOL | -5,581,287 |
| 4) ACE ADJUSTMENT ITEMS | 95,912 |
| 5) ACE WITHOUT CHARITABLE CONTRIBUTIONS (LINE 3 PLUS LINE 4) | -5,485,375 |
| 6) LINE 5 LESS LINE 3 (ENTER EXCESS AS A NEGATIVE AMOUNT) . . | 95,912 |
| 7) MULTIPLY LINE 6 BY 75%. ENTER RESULT AS A POSITIVE AMOUNT | 71,934 |
| 8) ENTER EXCESS OF THE CORPORATION'S PRIOR YEAR NET INCREASES
IN AMTI DUE TO ACE | |
| 9) ACE ADJUSTMENT:
IF LINE 6 IS POSITIVE OR ZERO ENTER THE AMOUNT
FROM LINE 7 HERE AS A POSITIVE AMOUNT
IF LINE 6 IS NEGATIVE, ENTER THE SMALLER OF LINE 7
OR LINE 8 HERE AS A NEGATIVE AMOUNT | 71,934 |
| 10) AMTI WITHOUT CHARITABLE CONTRIBUTIONS AND NOL (LINE 3
PLUS LINE 9) | -5,509,353 |
| 11) CONTRIBUTION LIMITATION TO CALCULATE 100% AMTI LIMITATION
FOR NOL (LINE 10 LESS LINE 16, PLUS SPECIAL DEDUCTIONS
NOT PREVIOUSLY INCLUDED IN THE ACE ADJUSTMENT ON LINE 9
ABOVE, MULTIPLIED BY 10%) | 0 |
| 12) TOTAL AVAILABLE CONTRIBUTIONS | 5,195 |
| 13) CONTRIBUTION DEDUCTION TO CALCULATE 100% AMTI LIMITATION
FOR NOL (LESSER OF LINE 11 OR LINE 12) | 0 |
| 14) AMTI FOR PURPOSES OF 100% NOL LIMITATION (LINE 10 LESS
LINE 13) | -5,509,353 |
| 15) NOL LIMITATION, 100% OF LINE 14 | -5,509,353 |
| 16) TOTAL NOL AVAILABLE | 0 |
| 17) AMT NOL (LESSER OF LINE 15 OR LINE 16) | 0 |
| 18) AMTI FOR CHARITABLE DEDUCTION LIMITATION (LINE 10 LESS
AMT NOL ON LINE 16, PLUS SPECIAL DEDUCTIONS NOT
PREVIOUSLY INCLUDED AS AN ACE ADJUSTMENT ON LINE 9) | -5,509,353 |
| 19) 10% OF LINE 18 | -550,935 |
| 20) AMT CHARITABLE DEDUCTION (LESSER OF LINE 12 OR LINE 19) . . | 0 |
| 21) REGULAR CONTRIBUTION DEDUCTION | 0 |
| 22) AMT CONTRIBUTION ADJUSTMENT (LINE 21 LESS LINE 20) | 0 |
| 23) COMBINED AMT CHARITABLE CONTRIBUTION ADJUSTMENT | 0 |
| 24) CONSOLIDATED ADJUSTMENT (LINE 22 LESS LINE 23) | 0 |

SCHEDULE OF COMBINED ALTERNATIVE MINIMUM TAXABLE INCOME

| | COMBINED
AMOUNTS | ENERGY
MERCHANT
HOLDING, INC.
13-4104912 | EMC CAPITAL
CORP
51-0383350 | POWERLINE OIL
COMPANY
95-4564080 | ANGLO
PETROLEUM
CORPORATION
95-4059009 | CORPORATE
DEVELOPMENT,
INC.
13-3817433 | ENERGY
MERCHANT CORP
13-3855623 |
|--|---------------------|---|-----------------------------------|--|---|---|---------------------------------------|
| taxable income or (loss) before NOL deduction | -4,852,360. | -2,217,379. | 1,333,284. | -800. | | | -3,967,465. |
| Adjustments and Preferences | | | | | | | |
| Depreciation of tangible property | 1,788. | 1,788. | | | | | |
| Amortization of certified pollution control facilities | | | | | | | |
| Amortization of mining exploration and development costs | | | | | | | |
| Amortization of circulation expenditures | | | | | | | |
| asis adjustments | | | | | | | |
| Long-term contracts entered into after Feb. 28, 1986 | | | | | | | |
| Installment sales of certain property | | | | | | | |
| Merchant marine capital construction funds | | | | | | | |
| Section 833(b) deduction | | | | | | | |
| Tax shelter farm activities | | | | | | | |
| Passive activities | | | | | | | |
| Certain loss limitations | | | | | | | |
| Depletion | | | | | | | |
| Private activity bond issued after August 7, 1986 | | | | | | | |
| Intangible drilling costs | | | | | | | |
| Accelerated depreciation of real property | | | | | | | |
| Accelerated depreciation of leased personal property | | | | | | | |
| Other adjustments | | | | | | | |
| Total Adjustment and Preference Items | 1,788. | 1,788. | | | | | |
| Pre-adjustment AMTI | -4,850,572. | -2,215,591. | 1,333,284. | -800. | | | -3,967,465. |
| Adjusted current earnings adjustment | 71,934. | | | | | | 71,934. |
| Combined pre-adjustment AMTI and above amount | -4,778,638. | -2,215,591. | 1,333,284. | -800. | | | -3,895,531. |
| Alternative tax NOL deduction | | | | | | | |
| Alternative Minimum Taxable Income | -4,778,638. | -2,215,591. | 1,333,284. | -800. | | | -3,895,531. |

Statement of Consolidated Adjusted Current Earnings

Name
ENERGY MERCHANT CORP AND
SUBSIDIARIES

Employer identification number

13-3855623

| Adjusted Current Earnings | Schedule Reference | Combined Amounts | Consolidated Adjustments | Consolidated Amounts |
|--|--------------------|------------------|--------------------------|----------------------|
| Pre-adjustment AMTI | | -4,850,572. | | -5,581,287. |
| ACE Depreciation Adjustment | | | | |
| Depreciation expense recomputed for AMT purposes | | 95,912. | | 95,912. |
| Post-1993 depreciation | | | | |
| Post-1989, Pre-1994 property ACE depreciation | | | | |
| Pre-1990 MACRS property ACE depreciation | | | | |
| Pre-1990 original ACRS property ACE depreciation | | | | |
| Sec. 168(f)(1) through (4) property ACE depreciation | | | | |
| Other property ACE depreciation | | | | |
| Total ACE Depreciation | | | | |
| ACE Depreciation Adjustment | | 95,912. | | 95,912. |
| Inclusion in ACE of Items Included in E&P | | | | |
| Tax-exempt interest income | | | | |
| Death benefits from life insurance contracts | | | | |
| All other distributions from life insurance contracts | | | | |
| Inside buildup of undistributed income in life insur. | | | | |
| Other items | | | | |
| Total Inclusion of Items | | | | |
| Disallowance of Items Not Deductible in Computing E&P | | | | |
| Certain dividends received | | | | |
| Dividends paid on preferred stock of public utilities | | | | |
| Dividends paid to an ESOP | | | | |
| Non-patronage dividends | | | | |
| Other items | | | | |
| Total Disallowance of Items | | | | |
| Certain Other E&P Adjustments | | | | |
| Intangible drilling costs | | | | |
| Circulation expenditures | | | | |
| Organizational expenditures | | | | |
| LIFO inventory adjustments | | | | |
| Installment sales | | | | |
| Total Other E&P Adjustments | | | | |
| Disallowance of loss on exchange of debt pools | | | | |
| Acquisition expenses of life insurance companies | | | | |
| Depletion | | | | |
| Basis adjustments | | | | |
| Adjusted Current Earnings | | -4,754,660. | | -5,485,375. |
| Subtract pre-adjustment AMTI from ACE | | 95,912. | | 95,912. |
| Adjusted Current Earnings Adjustment | | 71,934. | | 71,934. |

SCHEDULE OF COMBINED ADJUSTED CURRENT EARNINGS

| | COMBINED
AMOUNTS | ENERGY
MERCHANT
HOLDING, INC.
13-4104912 | EMC CAPITAL
CORP
51-0383350 | POWERLINE OIL
COMPANY
95-4564080 | ANGLO
PETROLEUM
CORPORATION
95-4059009 | CORPORATE
DEVELOPMENT,
INC.
13-3817433 | ENERGY
MERCHANT CORP
13-3855623 |
|---|---------------------|---|-----------------------------------|--|---|---|---------------------------------------|
| Pre-adjustment AMTI | 4,850,572. | 2,215,591. | 1,333,284. | 800. | | | 3,967,465. |
| ACE Depreciation Adjustment: | | | | | | | |
| Depreciation expense recomputed for
AMT purposes | 95,912. | | | | | | 95,912. |
| Post-1993 depreciation | | | | | | | |
| Post-1989, Pre-1994 property ACE | | | | | | | |
| Pre-1990 MACRS property ACE depreciation | | | | | | | |
| Pre-1990 original ACRS property ACE | | | | | | | |
| Sec. 168(f)(1) through (4) property ACE | | | | | | | |
| Other property ACE depreciation | | | | | | | |
| Total ACE Depreciation | 95,912. | | | | | | 95,912. |
| ACE Depreciation Adjustment | 95,912. | | | | | | 95,912. |
| Inclusion in ACE of Items Included in E&P: | | | | | | | |
| Tax-exempt interest income | | | | | | | |
| Death benefits from life insurance contracts | | | | | | | |
| All other distributions from life insurance
contracts | | | | | | | |
| Inside buildup of undistributed income in
life insur. | | | | | | | |
| Other items | | | | | | | |
| Total Inclusion of Items | | | | | | | |
| Disallowance of Items Not Deductible
in Computing E&P: | | | | | | | |
| Certain dividends received | | | | | | | |
| Dividends paid on preferred stock of
public utilities | | | | | | | |
| Dividends paid to an ESOP | | | | | | | |
| Non-patronage dividends | | | | | | | |
| Other items | | | | | | | |
| Total Disallowance of Items | | | | | | | |
| Certain Other E&P Adjustments | | | | | | | |
| Intangible drilling costs | | | | | | | |
| Circulation expenditures | | | | | | | |
| Organizational expenditures | | | | | | | |
| LIFO inventory adjustments | | | | | | | |
| Installment sales | | | | | | | |
| Total Other E&P Adjustments | | | | | | | |
| Disallowance of loss on exchange of debt
pools | | | | | | | |
| Acquisition expenses of life insurance
companies | | | | | | | |
| Depletion | | | | | | | |
| Basis adjustments | | | | | | | |
| Adjusted Current Earnings | -4,754,660. | -2,215,591. | 1,333,284. | -800. | | | -3,871,553. |
| Subtract pre-adjustment AMTI from ACE | 95,912. | 0. | 0. | 0. | | | 95,912. |
| Adjusted Current Earnings Adjustment | 71,934. | | | | | | 71,934. |

1120

U. S. Corporation Income Tax Return

OMB No. 1545-0123

2000

For calendar year 2000 or tax year beginning _____, 2000, ending _____, 20

▶ Instructions are separate. See page 1 for Paperwork Reduction Act Notice.

Department of the Treasury
Internal Revenue Service

Check if a:

Consolidated return (attach Form 851) ☒
Personal holding co. (attach Sch. PH) ☐
Personal service corp. (as defined in Temporary Regs. sec. 1.441-4T-see instructions) ☐

Use
IRS
label.
Other-
wise,
print
or type.

ENERGY MERCHANT CORP
AND SUBSIDIARIES
126 EAST 56TH ST, 33 FLOOR
NEW YORK, NY 10022

B Employer identification number

13-3855623

C Date incorporated

6/15/1995

D Total assets (see page 8 of instructions)

\$ 33,771,085

Check applicable boxes: (1) ☐ Initial return (2) ☐ Final return (3) ☒ Change of address

| | | | | | | | | | |
|----|--|------------------|-----------|---------------------------|--|---|---------|-----|------------|
| 1a | Gross receipts/sales | | b | Less returns & allowances | | c | Balance | 1c | |
| 2 | Cost of goods sold (Schedule A, line 8) | | | | | | | 2 | |
| 3 | Gross profit. Subtract line 2 from line 1c | | | | | | | 3 | |
| 4 | Dividends (Schedule C, line 19) | | | | | | | 4 | 29,100 |
| 5 | Interest | | | | | | | 5 | 1,559,053 |
| 6 | Gross rents | | | | | | | 6 | |
| 7 | Gross royalties | | | | | | | 7 | |
| 8 | Capital gain net income (attach Schedule D (Form 1120)) | | | | | | | 8 | 35,611,408 |
| 9 | Net gain or (loss) from Form 4797, Part II, line 18 (attach Form 4797) | | | | | | | 9 | -15,223 |
| 10 | Other income (see page 8 of instructions - attach schedule) | See Statement. 1 | | | | | | 10 | 163,632 |
| 11 | Total income. Add lines 3 through 10 | | | | | | | 11 | 37,347,970 |
| 12 | Compensation of officers (Schedule E, line 4) | | | | | | | 12 | 12,104,432 |
| 13 | Salaries and wages (less employment credits) | | | | | | | 13 | 1,274,597 |
| 14 | Repairs and maintenance | | | | | | | 14 | 7,202 |
| 15 | Bad debts | | | | | | | 15 | |
| 16 | Rents | | | | | | | 16 | 561,211 |
| 17 | Taxes and licenses | | | | | | | 17 | 877,396 |
| 18 | Interest | | | | | | | 18 | 301,004 |
| 19 | Charitable contributions (see page 11 of instructions for 10% limitation) | | | | | | | 19 | 57,300 |
| 20 | Depreciation (attach Form 4562) | | 20 | 55,189 | | | | | |
| 21 | Less depreciation claimed on Schedule A and elsewhere on return | | 21a | | | | | 21b | 55,189 |
| 22 | Depletion | | | | | | | 22 | |
| 23 | Advertising | | | | | | | 23 | |
| 24 | Pension, profit-sharing, etc., plans | | | | | | | 24 | 98,296 |
| 25 | Employee benefit programs | | | | | | | 25 | 256,167 |
| 26 | Other deductions (attach schedule) | See Statement. 2 | | | | | | 26 | 11,226,007 |
| 27 | Total deductions. Add lines 12 through 26 | | | | | | | 27 | 26,818,801 |
| 28 | Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11 | | | | | | | 28 | 10,529,169 |
| 29 | Less: a Net operating loss (NOL) deduction (see page 13 of instrs.) | | 29a | | | | | | |
| | b Special deductions (Schedule C, line 20) | | 29b | 20,370 | | | | 29c | 20,370 |
| 30 | Taxable income. Subtract line 29c from line 28 | | | | | | | 30 | 10,508,799 |
| 31 | Total tax (Schedule J, line 11) | | | | | | | 31 | 3,273,370 |
| 32 | Payments: | | | | | | | | |
| a | 1999 overpayment credited to 2000 | 32a | 648,128 | | | | | | |
| b | 2000 estimated tax payments | 32b | 2,387,000 | | | | | | |
| c | Less 2000 refund applied for on Form 4466 | 32c | | | | | | | |
| d | Balance | 32d | 3,035,128 | | | | | | |
| e | Tax deposited with Form 7004 | 32e | | | | | | | |
| f | Credit for tax paid on undistributed capital gains (attach Form 2439) | 32f | | | | | | | |
| g | Credit for Federal tax on fuels (attach Form 4136). See instructions | 32g | | | | | | 32h | 3,035,128 |
| 33 | Estimated tax penalty (see page 14 of instructions). Check if Form 2220 is attached | | | | | | | 33 | 5,284 |
| 34 | Tax due. If line 32h is smaller than the total of lines 31 and 33, enter amount owed | | | | | | | 34 | 243,526 |
| 35 | Overpayment. If line 32h is larger than the total of lines 31 and 33, enter amount overpaid | | | | | | | 35 | |
| 36 | Enter amount of line 35 you want: Credited to 2001 estimated tax | | | | | | | 36 | |

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature
of officer

CORRECTED COPY

Date

Title

Preparer's
signature

Date

Check if self-
employed ☐

Preparer's SSN or PTIN

Firm's name (or
yours if self-employed)
address, and ZIP code

Charles F. Curcio, CPA
305-A Azalea Court
Bethany Beach, DE 19930-0906

EIN 217-60-9635
Phone no. (410) 893-2768

Schedule A

Cost of Goods Sold (See page 14 of instructions.)

| | | | |
|---|---|---|--|
| 1 | Inventory at beginning of year | 1 | |
| 2 | Purchases | 2 | |
| 3 | Cost of labor | 3 | |
| 4 | Additional section 263A costs (attach schedule) | 4 | |
| 5 | Other costs (attach schedule) | 5 | |
| 6 | Total. Add lines 1 through 5 | 6 | |
| 7 | Inventory at end of year | 7 | |
| 8 | Cost of goods sold. Subtract line 7 from line 6. Enter here and on line 2, page 1 | 8 | |

9a Check all methods used for valuing closing inventory:

(i) ☐ Cost as described in Regulations section 1.471-3

(ii) ☐ Lower of cost or market as described in Regulations section 1.471-4

(iii) ☐ Other (Specify method used and attach explanation.) ▶

b Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c) ▶ ☐

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶ ☐

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO 9d

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? ☐ Yes ☐ No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? ☐ Yes ☐ No

If "Yes," attach explanation

Schedule C

Dividends and Special Deductions (See page 15 of instructions.)

Schedule E

Compensation of Officers (See instructions for line 12, page 1.)

Schedule J Tax Computation (See page 17 of instructions.)

| | | | |
|---|---|-------|-----------|
| 1 | Check if the corporation is a member of a controlled group (see sections 1561 and 1563) <input type="checkbox"/> | | |
| Important: Members of a controlled group, see instructions on page 17. | | | |
| 2a | If box on line 1 is checked, enter corp's share of \$50,000, \$25,000, & \$9,925,000 taxable inc brackets (in that order): | | |
| | (1) \$ (2) \$ (3) \$ | | |
| b | Enter the corporation's share of: (1) Additional 5% tax (not more than \$11,750) (2) Additional 3% tax (not more than \$100,000) | \$ \$ | |
| 3 | Income tax. Check if a qualified personal service corporation under section 448(d)(2) (see page 17) <input type="checkbox"/> | 3 | 3,578,080 |
| 4 | Alternative minimum tax (attach Form 4626) | 4 | |
| 5 | Add lines 3 and 4 | 5 | 3,578,080 |
| 6a | Foreign tax credit (attach Form 1118) | 6a | |
| 6b | Possessions tax credit (attach Form 5735) | 6b | |
| c | Check: <input type="checkbox"/> Nonconventional source fuel credit <input type="checkbox"/> QEV credit (attach Form 8834) | 6c | |
| d | General business credit. Enter here & check which forms are attached: <input type="checkbox"/> 3800 <input type="checkbox"/> 3468 <input type="checkbox"/> 5884 <input type="checkbox"/> 6478 <input type="checkbox"/> 6765 <input type="checkbox"/> 8586 <input type="checkbox"/> 8830 <input type="checkbox"/> 8826 <input type="checkbox"/> 8835 <input type="checkbox"/> 8844 <input type="checkbox"/> 8845 <input type="checkbox"/> 8846 <input type="checkbox"/> 8820 <input type="checkbox"/> 8847 <input type="checkbox"/> 8861 | 6d | |
| e | Credit for prior year minimum tax (attach Form 8827) | 6e | 304,710 |
| f | Qualified zone academy bond credit (attach Form 8860) | 6f | |
| 7 | Total credits. Add lines 6a through 6f | 7 | 304,710 |
| 8 | Subtract line 7 from line 5 | 8 | 3,273,370 |
| 9 | Personal holding company tax (attach Schedule PH (Form 1120)) | 9 | |
| 10 | Recapture taxes. Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 | 10 | |
| 11 | Total tax. Add lines 8 through 10. Enter here & on line 31, page 1 | 11 | 3,273,370 |

Schedule K Other Information (See page 19 of instructions.)

| | | | | | |
|---|--|--------|---|--|--------|
| 1 | Check method of accounting:
a <input type="checkbox"/> Cash b <input checked="" type="checkbox"/> Accrual
c <input type="checkbox"/> Other (specify) _____ | Yes No | | If "Yes," file Form 5452 , Corporate Report of Nondividend Distributions. | Yes No |
| 2 | See page 21 of the instructions and enter the:
a Business activity code no. 541990
b Business activity MANAGEMENT
c Product or service CONSULTING | | | If this is a consolidated return, answer here for the parent corporation and on Form 851 , Affiliations Schedule, for each subsidiary. | |
| 3 | At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) See Form 851
If "Yes," attach a schedule showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) taxable income or (loss) before NOL and special deductions of such corporation for the tax year ending with or within your tax year. See Statement 4 | X | | 7 At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of (a) the total voting power of all classes of stock of the corporation entitled to vote or (b) the total value of all classes of stock of the corporation? X | |
| 4 | Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group?
If "Yes," enter name and EIN of the parent corporation _____ | | X | If "Yes,"
a Enter percentage owned _____
b Enter owner's country _____ | |
| 5 | At the end of the tax year, did any individual, partnership, corporation, estate or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).) X
If "Yes," attach a schedule showing name and identifying no. (Do not include any information already entered in 4 above.) Enter percentage owned See Statement 5 | X | | c The corporation may have to file Form 5472 , Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter number of Forms 5472 attached _____ | |
| 6 | During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See secs. 301 and 316.) X | | X | 8 Check this box if the corporation issued publicly offered debt instruments with original issue discount <input type="checkbox"/>
If checked, the corporation may have to file Form 8281 , Information Return for Publically Offered Original Issue Discount Instruments. | |
| | | | | 9 Enter the amount of tax-exempt interest received or accrued during the tax year \$ None | |
| | | | | 10 Enter the number of shareholders at the end of the tax year (if 75 or fewer) 5 | |
| | | | | 11 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here <input type="checkbox"/> | |
| | | | | 12 Enter the available NOL carryover from prior tax years (Do not reduce it by any deduction on line 29a.) \$ | |

Note: If the corporation, at any time during the tax year, had assets or operated a business in a foreign country or U.S. possession, it may be required to attach **Schedule N (Form 1120)**, Foreign Operations of U.S. Corporations, to this return. See Schedule N for details.

| Schedule L | | Balance Sheets per Books | | Beginning of tax year | | End of tax year | |
|---|---|--------------------------|------------|-----------------------|------------|-----------------|--|
| | | (a) | (b) | (c) | (d) | | |
| Assets | | | | | | | |
| 1 | Cash | | 212,554 | | 596,844 | | |
| 2a | Trade notes and accounts receivable | | | | | | |
| b | Less allowance for bad debts | | | | | | |
| 3 | Inventories | | | | | | |
| 4 | U.S. government obligations | | | | | | |
| 5 | Tax-exempt securities (see instructions) | | | | | | |
| 6 | Other current assets (attach sch.) Stmt. 6 | | 13,701,116 | | 22,894,509 | | |
| 7 | Loans to shareholders Stmt. 7 | | 200 | | 200 | | |
| 8 | Mortgage and real estate loans | | | | | | |
| 9 | Other investments (attach sch.) Stmt. 8 | | 11,295,844 | | 9,670,909 | | |
| 10a | Buildings and other depreciable assets | 59,586 | | 589,523 | | | |
| b | Less accumulated depreciation | 14,704 | 44,882 | 40,900 | 548,623 | | |
| 11a | Depletable assets | | | | | | |
| b | Less accumulated depletion | | | | | | |
| 12 | Land (net of any amortization) | | | | | | |
| 13a | Intangible assets (amortizable only) | | | | | | |
| b | Less accumulated amortization | | | | | | |
| 14 | Other assets (attach schedule) Stmt. 9 | | 95,000 | | 60,000 | | |
| 15 | Total assets | | 25,349,596 | | 33,771,085 | | |
| Liabilities and Shareholders' Equity | | | | | | | |
| 16 | Accounts payable | | | | | | |
| 17 | Mortgages, notes, bonds payable in less than 1 year | | | | | | |
| 18 | Other current liabilities (attach sch.) Stmt. 10 | | 13,366,224 | | 14,623,437 | | |
| 19 | Loans from shareholders | | 36,000 | | 195,959 | | |
| 20 | Mortgages, notes, bonds payable in 1 year or more | | | | | | |
| 21 | Other liabilities (attach sch.) Stmt. 11 | | 11,287,170 | | 8,487,170 | | |
| 22 | Capital stock: a Preferred stock | | | | | | |
| b | Common stock | 3,350,200 | 3,350,200 | 3,350,200 | 3,350,200 | | |
| 23 | Additional paid-in capital | | | | 756,700 | | |
| 24 | Retained earnings - Appropriated | | | | | | |
| 25 | Retained earnings - Unappropriated | | -2,689,998 | | 7,057,619 | | |
| 26 | Adjustments to shareholders' equity | | | | | | |
| 27 | Less cost of treasury stock | | | | 700,000 | | |
| 28 | Total liabilities and shareholders' equity | | 25,349,596 | | 33,771,085 | | |

Note: The corporation is not required to complete Schedules M-1 and M-2 if the total assets on line 15, column (d) of Schedule L are less than \$25,000.

| Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return (See page 20 of instructions.) | | | | | |
|--|---|------------|----|--|------------|
| 1 | Net income (loss) per books | 9,747,617 | 7 | Income recorded on books this year not included on this return (itemize): | |
| 2 | Federal income tax | 3,035,128 | a | Tax-exempt interest \$ | |
| 3 | Excess of capital losses over capital gains | | | Stmt 14 2,992,372 | 2,992,372 |
| 4 | Income subject to tax not recorded on books this year (itemize): | | 8 | Deductions on this return not charged against book income this year (itemize): | |
| | Statement 12 661,311 | | a | Depreciation ... \$ 14,753 | |
| 5 | Expenses recorded on books this year not deducted on this return (itemize): | | b | Contrib carryover \$ | |
| a | Depreciation ... \$ | | | Stmt 15 448,831 | 463,584 |
| b | Contributions carryover ... \$ | | 9 | Add lines 7 and 8 | 3,455,956 |
| c | Travel and entertainment ... \$ 144,069 | | 10 | Income (line 28, pg. 1) - line 6 less line 9 | 10,529,169 |
| | Statement 13 397,000 | 541,069 | | | |
| 6 | Add lines 1 through 5 | 13,985,125 | | | |

| Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L) | | | | | |
|---|------------------------------------|------------|---|---|-----------|
| 1 | Balance at beginning of year | -2,689,998 | 5 | Distributions: a Cash | |
| 2 | Net income (loss) per books | 9,747,617 | b | Stock | |
| 3 | Other increases (itemize): | | c | Property | |
| | | | 6 | Other decreases (itemize): | |
| | | | 7 | Add lines 5 and 6 | |
| 4 | Add lines 1, 2, and 3 | 7,057,619 | 8 | Balance at end of year (line 4 less line 7) | 7,057,619 |

Alternative Minimum Tax - Corporations

OMB No. 1545-0175

2000

Department of the Treasury
Internal Revenue Service▶ See separate instructions.
▶ Attach to the corporation's tax return.Name **ENERGY MERCHANT CORP
AND SUBSIDIARIES**Employer identification number
13-3855623

| | | | |
|----------|--|-----------|-------------------|
| 1 | Taxable income or (loss) before net operating loss deduction..... | 1 | 10,508,799 |
| 2 | Adjustments and preferences: | | |
| a | Depreciation of post-1986 property | 2a | 1,783 |
| b | Amortization of certified pollution control facilities | 2b | |
| c | Amortization of mining exploration and development costs | 2c | |
| d | Amortization of circulation expenditures (personal holding companies only) | 2d | |
| e | Adjusted gain or loss | 2e | |
| f | Long-term contracts | 2f | |
| g | Installment sales | 2g | |
| h | Merchant marine capital construction funds | 2h | |
| i | Section 833(b) deduction (Blue Cross, Blue Shield, and similar type organizations only) | 2i | |
| j | Tax shelter farm activities (personal service corporations only) | 2j | |
| k | Passive activities (closely held corporations and personal service corporations only) | 2k | |
| l | Loss limitations | 2l | |
| m | Depletion | 2m | |
| n | Tax-exempt interest from specified private activity bonds | 2n | |
| o | Intangible drilling costs | 2o | |
| p | Accelerated depreciation of real property (pre-1987) | 2p | |
| q | Accelerated depreciation of leased personal property (pre-1987)
(personal holding companies only) | 2q | |
| r | Other adjustments | 2r | |
| s | Combine lines 2a through 2r | 2s | 1,783 |
| 3 | Preadjustment alternative minimum taxable income (AMTI). Combine lines 1 and 2s | 3 | 10,510,582 |
| 4 | Adjusted current earnings (ACE) adjustment: | | |
| a | Enter the corporation's ACE from line 10 of the worksheet on page 11 of the instructions | 4a | 10,530,952 |
| b | Subtract line 3 from line 4a. If line 3 exceeds line 4a, enter the difference as a negative amount (see examples beginning on page 6 of the instructions) | 4b | 20,370 |
| c | Multiply line 4b by 75% (.75). Enter the result as a positive amount | 4c | 15,278 |
| d | Enter the excess, if any, of the corporation's total increases in AMTI from prior year ACE adjustments over its total reductions in AMTI from prior year ACE adjustments (see page 6 of the instructions). Note: You must enter an amount on line 4d (even if line 4b is positive) | 4d | 0 |
| e | ACE adjustment:
● If you entered a positive number or zero on line 4b, enter the amount from line 4c here as a positive amount.
● If you entered a negative number on line 4b, enter the smaller of line 4c or line 4d here as a negative amount. | 4e | 15,278 |
| 5 | Combine lines 3 and 4e. If zero or less, stop here; the corporation does not owe alternative minimum tax | 5 | 10,525,860 |
| 6 | Alternative tax net operating loss deduction (see page 7 of the instructions) | 6 | |
| 7 | Alternative minimum taxable income. Subtract line 6 from line 5.
If the corporation held a residual interest in a REMIC, see page 7 of the instructions | 7 | 10,525,860 |

Paperwork Reduction Act Notice, see page 10 of separate instructions.

Form 4626 (2000)

| | | | |
|----|--|----|------------|
| 8 | Enter the amount from line 7 (alternative minimum taxable income) | 8 | 10,525,860 |
| 9 | Exemption phase-out computation (if line 8 is \$310,000 or more, skip lines 9a and 9b and enter -0- on line 9c): | | |
| a | Subtract \$150,000 from line 8 (if you are completing this line for a member of a controlled group, see page 7 of the instructions). If zero or less, enter -0- | 9a | |
| b | Multiply line 9a by 25% (.25) | 9b | |
| c | Exemption. Subtract line 9b from \$40,000 (if you are completing this line for a member of a controlled group, see page 7 of the instructions). If zero or less, enter -0- | 9c | 0 |
| 10 | Subtract line 9c from line 8. If zero or less, enter -0- | 10 | 10,525,860 |
| 11 | Multiply line 10 by 20% (.20) | 11 | 2,105,172 |
| 12 | Alternative minimum tax foreign tax credit. See page 7 of the instructions | 12 | |
| 13 | Tentative minimum tax. Subtract line 12 from line 11 | 13 | 2,105,172 |
| 14 | Regular tax liability before all credits except the foreign tax credit and possessions tax credit | 14 | 3,578,080 |
| 15 | Alternative minimum tax. Subtract line 14 from line 13. If zero or less, enter -0-. Enter here and on Form 1120, Schedule J, line 4, or the appropriate line of the corporation's income tax return | 15 | 0 |

Form 4626 (2000)

Adjusted Current Earnings Worksheet

▶ See ACE Worksheet Instructions (which begin on page 8).

| | | | |
|---|-------|--------|------------|
| 1 Pre-adjustment AMTI. Enter the amount from line 3 of Form 4626 | | 1 | 10,510,582 |
| 2 ACE depreciation adjustment: | | | |
| a AMT depreciation | 2a | 53,525 | |
| b ACE depreciation: | | | |
| (1) Post-1993 property | 2b(1) | 53,525 | |
| (2) Post-1989, pre-1994 property | 2b(2) | | |
| (3) Pre-1990 MACRS property | 2b(3) | | |
| (4) Pre-1990 original ACRS property | 2b(4) | | |
| (5) Property described in sections 168(f)(1) through (4) | 2b(5) | | |
| (6) Other property | 2b(6) | | |
| (7) Total ACE depreciation. Add lines 2b(1) through 2b(6) | 2b(7) | 53,525 | |
| c ACE depreciation adjustment. Subtract line 2b(7) from line 2a | 2c | | 0 |
| Inclusion in ACE of items included in earnings and profits (E&P): | | | |
| a Tax-exempt interest income | 3a | | |
| b Death benefits from life insurance contracts | 3b | | |
| c All other distributions from life insurance contracts (including surrenders) | 3c | | |
| d Inside buildup of undistributed income in life insurance contracts | 3d | | |
| e Other items (see Regulations sections 1.56(g) - 1(c)(6)(iii) through (ix) for a partial list) | 3e | | |
| f Total increase to ACE from inclusion in ACE of items included in E&P. Add lines 3a through 3e | 3f | | 0 |
| Disallowance of items not deductible from E&P: | | | |
| a Certain dividends received | 4a | 20,370 | |
| b Dividends paid on certain preferred stock of public utilities that are deductible under section 247 | 4b | | |
| c Dividends paid to an ESOP that are deductible under section 404(k) | 4c | | |
| d Nonpatronage dividends that are paid and deductible under section 1382(c) | 4d | | |
| e Other items (see Regulations sections 1.56(g) - 1(d)(3)(i) and (ii) for a partial list) | 4e | | |
| f Total increase to ACE because of disallowance of items not deductible from E&P. Add lines 4a through 4e | 4f | | 20,370 |
| Other adjustments based on rules for figuring E&P: | | | |
| a Intangible drilling costs | 5a | | |
| b Circulation expenditures | 5b | | |
| c Organizational expenditures | 5c | | |
| d LIFO inventory adjustments | 5d | | |
| e Installment sales | 5e | | |
| Total other E&P adjustments. Combine lines 5a through 5e | 5f | | 0 |
| Disallowance of loss on exchange of debt pools | 6 | | |
| Acquisition expenses of life insurance companies for qualified foreign contracts | 7 | | |
| Depletion | 8 | | |
| Basis adjustments in determining gain or loss from sale or exchange of pre-1994 property | 9 | | |
| Adjusted current earnings. Combine lines 1, 2c, 3f, 4f, and 5f through 9. Enter the result here and on line 4a of Form 4626 | 10 | | 10,530,952 |

Affiliations Schedule

OMB No. 1545-0025

► File with each consolidated income tax return.

Tax year ending **12/31, 2000**

Name of common parent corporation

ENERGY MERCHANT CORP

Employer identification number

13-3855623

Number, street, and room or suite no. (If a P.O. box, see instructions.)

126 EAST 56TH ST, 33 FLOOR

City or town, state, and ZIP code

NEW YORK, NY 10022

Part I Overpayment Credits, Estimated Tax Payments, and Tax Deposits (See instructions.)

| Corp. No. | Name and address of corporation | Employer identification number | Portion of overpayment credits and estimated tax payments | Portion of tax deposited with Form 7004 |
|--|--|--------------------------------|---|---|
| 1 | Common parent corporation | | 3,035,128 | 150,000 |
| | Subsidiary corporations: | | | |
| | ENERGY MERCHANT HOLDING INC
125 EAST 56TH ST, 33 FL
NEW YORK, NY 10022 | 13-4104912 | | |
| 2 | EMC CAPITAL CORP
126 EAST 56TH ST, 33 FL
NEW YORK, NY 10022 | 51-0383350 | | |
| 3 | POWERINE OIL COMPANY
126 EAST 56TH ST, 33 FL
NEW YORK, NY 10022 | 954,564,080 | | |
| 4 | ANGLO PETROLEUM CORPORATION
126 EAST 56TH ST, 33 FL
NEW YORK, NY 10022 | 95-4059009 | | |
| 5 | CORPORATE DEVELOPMENT INC
126 EAST 56TH ST, 33 FL
NEW YORK, NY 10022 | 13-3817433 | | |
| 6 | | | | |
| 7 | | | | |
| 8 | | | | |
| 9 | | | | |
| 10 | | | | |
| Totals (Must equal amounts shown on the consolidated tax return) | | | 3,035,128 | 150,000 |

Part II Principal Business Activity, Voting Stock Information, Etc. (See instructions.)

| Corp. No. | Principal business activity (PBA) | PBA Code No. | Did the subsidiary make any nondividend distributions? | | Stock holdings at beginning of year | | | |
|-----------|---|--------------|--|----|-------------------------------------|-------------------------|------------------|--------------------------|
| | | | Yes | No | Number of shares | Percent of voting power | Percent of value | Owned by corporation no. |
| 1 | Common parent corporation:
MANAGEMENT | 541990 | | | | | | |
| | Subsidiary corporations: | | | | | | | |
| 2 | HOLDING COMPANY | 525990 | | X | 500 | 100.00% | 100.00% | 1 |
| 3 | SECURITY TRADER | 523130 | | X | 1000 | 100.00% | 100.00% | 2 |
| 4 | REFINER | 422700 | | X | 100 | 100.00% | 100.00% | 1 |
| 5 | PETROLEUM TRADER | 422700 | | X | 100 | 100.00% | 100.00% | 1 |
| 6 | HOLDING COMPANY | 525990 | | X | 100 | 100.00% | 100.00% | 1 |
| 7 | | | | | | % | % | |
| 8 | | | | | | % | % | |
| 9 | | | | | | % | % | |
| 10 | | | | | | % | % | |

Part III Changes in Stock Holdings During the Tax Year

| Corp.
No. | Name of corporation | Share-
holder of
Corpora-
tion No. | Date
of
transaction | (a) Changes | | (b) Shares held after
changes described in
column (a) | |
|--------------|---------------------|---|---------------------------|---------------------------------|------------------------------------|---|---------------------|
| | | | | Number of
shares
acquired | Number of
shares
disposed of | Percent of
voting power | Percent of
value |
| | | | | | | % | % |
| | | | | | | % | % |
| | | | | | | % | % |
| | | | | | | % | % |
| | | | | | | % | % |
| | | | | | | % | % |
| | | | | | | % | % |
| | | | | | | % | % |

(c) If any disposition listed above caused a deconsolidation of a group member, did the the basis of any shares retained by the group exceed the value of those shares immediately before the deconsolidation? ☐ Yes ☒ No
If "Yes," see Regulations section 1.1502-20(b) regarding basis adjustment requirements.

(d) Is the group claiming that a loss recognized on the disposition of the stock of a group member is allowed under Regulations section 1.1502-20(c)? ☐ Yes ☒ No
If "Yes," attach a statement entitled "ALLOWED LOSS UNDER SECTION 1.1502-20(c)" that contains the information required by Regulations section 1.1502-20(c)(3).

(e) If the equitable owners of any capital stock shown above were other than the holders of record, provide details of the changes.

(f) If additional stock was issued, or if any stock was retired during the year, list the dates and amounts of these transactions.

Part IV Additional Stock Information (See instructions.)

1 During the tax year, did the corporation have more than one class of stock outstanding?

| Corp.
No. | Name of corporation | Answer to
Question 1 | | If "Yes" to question 1,
list and describe each class of stock. |
|--------------|-----------------------------|-------------------------|----|---|
| | | Yes | No | |
| 2 | ENERGY MERCHANT HOLDING INC | | X | |
| 3 | EMC CAPITAL CORP | | X | |
| 4 | POWERINE OIL COMPANY | | X | |
| 5 | ANGLO PETROLEUM CORPORATION | | X | |

2 During the tax year, was there (a) any member of the consolidated group that reaffiliated within 60 months of disaffiliation or (b) any member of the affiliated group that was deconsolidated under Rev. Proc. 91-11, 1991-1 C.B. 470 (as modified and clarified by Rev. Proc. 91-39, 1991-2 C.B. 694), Rev. Proc. 95-11, 1995-1 C.B. 505, or Rev. Proc. 95-39, 1995-2 C.B. 399?

| Corp.
No. | Name of corporation | Answer to
Question 2 | | If "Yes" to (a) or (b) of question 2,
list the member(s) and explain the circumstances. |
|--------------|-----------------------------|-------------------------|----|--|
| | | Yes | No | |
| 2 | ENERGY MERCHANT HOLDING INC | | X | |
| 3 | EMC CAPITAL CORP | | X | |
| 4 | POWERINE OIL COMPANY | | X | |
| 5 | ANGLO PETROLEUM CORPORATION | | X | |

3 During the tax year, was there any arrangement in existence by which one or more persons that were not members of the affiliated group could acquire any stock, or acquire any voting power without acquiring stock, in the corporation, other than a de minimis amount, from the corporation or another member of the affiliated group?

| Corp.
No. | Name of corporation | Answer to
Question 3 | | Item 3a | Item 3b | Item 3c |
|--------------|-----------------------------|-------------------------|----|---------|---------|---------|
| | | Yes | No | | | |
| 2 | ENERGY MERCHANT HOLDING INC | | X | % | % | % |
| 3 | EMC CAPITAL CORP | | X | % | % | % |
| 4 | POWERINE OIL COMPANY | | X | % | % | % |
| 5 | ANGLO PETROLEUM CORPORATION | | X | % | % | % |

Corp. No. Item 3d - Provide a description of any arrangement.

Sign
Here

Under penalties of perjury, I declare that I have examined this form, including accompanying statements, and to the best of my knowledge and belief, it is true, correct, and complete for the tax year as stated.

Signature of officer

Date

Title

Part IV Additional Stock Information (See instructions.)**1** During the tax year, did the corporation have more than one class of stock outstanding?

| Corp.
No. | Name of corporation | Answer to
Question 1 | | If "Yes" to question 1,
list and describe each class of stock. |
|--------------|---------------------------|-------------------------|----|---|
| | | Yes | No | |
| 6 | CORPORATE DEVELOPMENT INC | | X | |
| | | | | |
| | | | | |
| | | | | |

2 During the tax year, was there (a) any member of the consolidated group that reaffiliated within 60 months of disaffiliation or (b) any member of the affiliated group that was deconsolidated under Rev. Proc. 91-11, 1991-1 C.B. 470 (as modified and clarified by Rev. Proc. 91-39, 1991-2 C.B. 694), Rev. Proc. 95-11, 1995-1 C.B. 505, or Rev. Proc. 95-39, 1995-2 C.B. 399?

| Corp.
No. | Name of corporation | Answer to
Question 2 | | If "Yes" to (a) or (b) of question 2,
list the member(s) and explain the circumstances. |
|--------------|---------------------------|-------------------------|----|--|
| | | Yes | No | |
| 6 | CORPORATE DEVELOPMENT INC | | X | |
| | | | | |
| | | | | |
| | | | | |

3 During the tax year, was there any arrangement in existence by which one or more persons that were not members of the affiliated group could acquire any stock, or acquire any voting power without acquiring stock, in the corporation, other than a de minimis amount, from the corporation or another member of the affiliated group?

| Corp.
No. | Name of corporation | Answer to
Question 3 | | Item 3a | Item 3b | Item 3c |
|--------------|---------------------------|-------------------------|----|---------|---------|---------|
| | | Yes | No | | | |
| 6 | CORPORATE DEVELOPMENT INC | | X | % | % | % |
| | | | | % | % | % |
| | | | | % | % | % |
| | | | | % | % | % |

| Corp.
No. | Item 3d - Provide a description of any arrangement. |
|--------------|---|
| | |
| | |
| | |
| | |

**Sign
Here**

Under penalties of perjury, I declare that I have examined this form, including accompanying statements, and to the best of my knowledge and belief, it is true, correct, and complete for the tax year as stated.

Signature of officer

Date

Title

KFA

Form 851 (Rev. 9-2000)

| | | |
|---|---|---|
| 2220
<small>Department of the Treasury
Internal Revenue Service</small> | <h2 style="margin:0;">Underpayment of Estimated Tax by Corporations</h2> <p style="margin:0;">▶ Instructions are separate. See page 4 for Paperwork Reduction Act Notice</p> <p style="margin:0;">▶ Attach to the corporation's tax return.</p> | <small>OMB No. 1545-0142</small>

<div style="font-size: 24pt; font-weight: bold;">2000</div> |
| NAME ENERGY MERCHANT CORP
AND SUBSIDIARIES | | Employer identification number
13-3855623 |

Note: In most cases, the corporation **does not** need to file Form 2220. (See Part I below for exceptions.) The IRS will figure any penalty owed and bill the corporation. If the corporation does not need to file Form 2220, it may still use it to figure the penalty. Enter the amount from line 34 on the estimated tax penalty line of the corporation's income tax return, but **do not** attach Form 2220.

Part I Reasons For Filing - Check the boxes below that apply to the corporation. If any boxes are checked, the corporation must file Form 2220, even if it does not owe the penalty. If the box on line 1 or line 2 applies, the corporation may be able to lower or eliminate the penalty. See page 1 of the instructions.

1 ☐ The corporation is using the annualized income installment method.

2 ☐ The corporation is using the adjusted seasonal installment method.

3 ☒ The corporation is a "large corporation" figuring its first required installment based on the prior year's tax.

Note: The corporation must also file Form 2220 if it has a research credit allowed for the current year. See the instructions for line 4 on page 2.

Part II Figuring the Underpayment

| | | | | |
|---|----|-----------|-----------|-----------|
| 4 Total tax (see page 2 of the instructions) | 4 | 3,273,370 | | |
| 5a Personal holding company tax (Schedule PH (Form 1120), line 26) included on line 4 | 5a | | | |
| b Interest included on line 4 due under the look-back method of section 460(b)(2) for completed long-term contracts or of section 167(g) for property depreciated under the income forecast method | 5b | | | |
| c Credit for Federal tax paid on fuels (see page 2 of the instructions) | 5c | | | |
| d Total. Add lines 5a through 5c | 5d | | | |
| 6 Subtract line 5d from line 4. If the result is less than \$500, do not complete or file this form. The corporation does not owe the penalty. | 6 | 3,273,370 | | |
| 7 Enter the tax shown on the corporation's 1999 income tax return. Caution: see page 2 of the instructions before completing this line | 7 | 1,193,594 | | |
| 8 Enter the smaller of line 6 or line 7. If the corporation must skip line 7, enter the amount from line 6 on line 8 | 8 | 1,193,594 | | |
| | | | (a) | (b) |
| 9 Installment due dates. Enter in columns (a) through (d) the 15th day of the 4th (Form 990-PF filers: Enter 5th month), 6th, 9th, and 12th months of the corporation's tax year. | 9 | | 4/15/00 | 6/15/00 |
| | | | 9/15/00 | 12/15/00 |
| 10 Required installments. If the box on line 1 and/or line 2 above is checked, enter the amounts from Schedule A, line 41. If the box on line 3 (but not 1 or 2) is checked, see page 3 of the instructions for the amounts to enter. If none of these boxes are checked, enter 25% of line 8 above in each column | 10 | | 298,399 | 1,338,287 |
| | | | 818,343 | 818,343 |
| 11 Estimated tax paid or credited for each period (see page 3 of the instructions). For column (a) only, enter the amount from line 11 on line 15 | 11 | | 648,128 | 2,275,000 |
| Complete lines 12 through 18 of one column before going to the next column. | | | | |
| 12 Enter amount, if any, from line 18 of the preceding col. | 12 | | 349,729 | 1,286,442 |
| 13 Add lines 11 and 12 | 13 | | 2,624,729 | 1,286,442 |
| 14 Add amounts on lines 16 and 17 of the preceding col. | 14 | | | |
| 15 Subtract line 14 from line 13. If zero or less, enter -0- | 15 | | 648,128 | 2,624,729 |
| 16 If the amount on line 15 is zero, subtract line 13 from line 14. Otherwise, enter -0- | 16 | | 0 | 0 |
| 17 Underpayment. If line 15 is less than or equal to line 10, subtract line 15 from line 10. Then go to line 12 of the next column. Otherwise, go to line 18 | 17 | | | 238,244 |
| 18 Overpayment. If line 10 is less than line 15, subtract line 10 from line 15. Then go to line 12 of the next col. | 18 | | 349,729 | 1,286,442 |
| | | | 468,099 | |

Part III Figuring the Penalty

| | (a) | (b) | (c) | (d) |
|--|-----|-----|-----|-------------|
| 1 Enter the date of payment or the 15th day of the 3rd month after the close of the tax year, whichever is earlier (see page 3 of the instr). (Form 990-PF & Form 990-T filers: Use 5th month instead of 3rd month.) | 19 | | | 3/15/01 |
| 2 Number of days from due date of installment on line 9 to the date shown on line 19 | 20 | | | 90 |
| 3 No. of days on line 20 after 4/15/00 and before 1/1/01 | 21 | | | 16 |
| 4 Underpayment on line 17 x $\frac{\text{No. of days on line 21} \times 9\%}{366}$ | 22 | \$ | \$ | \$ 937.35 |
| 5 No. of days on line 20 after 12/31/00 and before 4/1/01 | 23 | | | 74 |
| 6 Underpayment on line 17 x $\frac{\text{No. of days on line 23} \times 9\%}{365}$ | 24 | \$ | \$ | \$ 4,347.14 |
| 7 No. of days on line 20 after 3/31/01 and before 7/1/01 | 25 | | | |
| 8 Underpayment on line 17 x $\frac{\text{No. of days on line 25} \times \%}{365}$ | 26 | \$ | \$ | \$ |
| 9 No. of days on line 20 after 6/30/01 and before 10/1/01 | 27 | | | |
| 10 Underpayment on line 17 x $\frac{\text{No. of days on line 27} \times \%}{365}$ | 28 | \$ | \$ | \$ |
| 11 No. of days on line 20 after 9/30/01 & before 1/1/02 | 29 | | | |
| 12 Underpayment on line 17 x $\frac{\text{No. of days on line 29} \times \%}{365}$ | 30 | \$ | \$ | \$ |
| 13 No. of days on line 20 after 12/31/01 & before 2/16/02 | 31 | | | |
| 14 Underpayment on line 17 x $\frac{\text{No. of days on line 31} \times \%}{365}$ | 32 | \$ | \$ | \$ |
| 15 Add lines 22, 24, 26, 28, 30, and 32 | 33 | \$ | \$ | \$ 5,284.49 |
| 16 Penalty. Add columns (a) through (d), of line 33. Enter the total here and on Form 1120, line 33; Form 1120-A, line 29; or the comparable line for other income tax returns | 34 | \$ | \$ | \$ 5,284 |

For underpayments paid after March 31, 2001: For lines 26, 28, 30, and 32, use the penalty interest rate for each calendar quarter that the IRS will terminate during the first month in the preceding quarter. These rates are published quarterly in an IRS News Release and in a revenue ruling in the Internal Revenue Bulletin. To obtain this information on the Internet, access the IRS Web Site at www.irs.gov. You can also call 1-800-829-1040 to get interest rate information.

Depreciation and Amortization
(Including Information on Listed Property)

OMB No. 1545-0172

2000

Attachment
Sequence No. **67**

Name(s) shown on return **ENERGY MERCHANT CORP
AND SUBSIDIARIES**

▶ See separate instructions.

▶ Attach this form to your return.

Identifying number
13-3855623

Business or activity to which this form relates

Form 1120

Part I Election To Expense Certain Tangible Property (Section 179) Note: If you have any "listed property," complete Part V before you complete Part I.

| | | | |
|----|---|------------------------------|------------------|
| 1 | Maximum dollar limitation. If an enterprise zone business, see page 2 of the instructions | 1 | \$20,000 |
| 2 | Total cost of section 179 property placed in service. See page 2 of the instructions | 2 | |
| 3 | Threshold cost of section 179 property before reduction in limitation | 3 | \$200,000 |
| 4 | Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0- | 4 | |
| 5 | Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see page 2 of the instructions | 5 | |
| 6 | (a) Description of property | (b) Cost (business use only) | (c) Elected cost |
| 7 | Listed property. Enter amount from line 27 | 7 | |
| 8 | Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7 | 8 | |
| 9 | Tentative deduction. Enter the smaller of line 5 or line 8 | 9 | |
| 10 | Carryover of disallowed deduction from 1999. See page 3 of the instructions | 10 | |
| 11 | Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions) | 11 | |
| 12 | Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11. | 12 | |
| 13 | Carryover of disallowed deduction to 2001. Add lines 9 and 10, less line 12 | 13 | |

Note: Do not use Part II or Part III below for listed property (automobiles, certain other vehicles, cellular telephones, certain computers, or property used for entertainment, recreation, or amusement). Instead, use Part V for listed property.

Part II MACRS Depreciation for Assets Placed in Service Only During Your 2000 Tax Year (Do not include listed property.)

Section A - General Asset Account Election

- 14 If you are making the election under section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check this box. See page 3 of the instructions ☐

Section B - General Depreciation System (GDS) (See page 3 of the instructions.)

| (a) Classification of property | (b) Month and year placed in service | (c) Basis for depreciation (business/investment use only - see instructions) | (d) Recovery period | (e) Convention | (f) Method | (g) Depreciation deduction |
|--------------------------------|--------------------------------------|--|---------------------|----------------|------------|----------------------------|
| 15a 3-year property | | | | | | |
| b 5-year property | | 72,072 | 5 | HY | 200DB | 14,415 |
| c 7-year property | | 273,176 | 7 | HY | 200DB | 39,037 |
| d 10-year property | | | | | | |
| e 15-year property | | | | | | |
| f 20-year property | | | | | | |
| g 25-year property | | | 25 yrs | | S/L | |
| h Residential rental property | | | 27.5 yrs | MM | S/L | |
| | | | 27.5 yrs | MM | S/L | |
| i Nonresidential real property | 9/01/00 | 231,972 | 39 yrs | MM | S/L | 1,737 |
| | | | | MM | S/L | |

Section C - Alternative Depreciation System (ADS) (See page 5 of the instructions.)

| | | | | | | |
|----------------|--|--|--------|----|-----|--|
| 16a Class life | | | | | S/L | |
| b 12-year | | | 12 yrs | | S/L | |
| c 40-year | | | 40 yrs | MM | S/L | |

Part III Other Depreciation (Do not include listed property.) (See page 5 of the instructions.)

| | | | |
|----|--|----|--|
| 17 | GDS and ADS deductions for assets placed in service in tax years beginning before 2000 | 17 | |
| 18 | Property subject to section 168(f)(1) election | 18 | |
| 19 | ACRS and other depreciation | 19 | |

Part IV Summary (See page 6 of the instructions.)

| | | | |
|----|--|----|--------|
| 20 | Listed property. Enter amount from line 26 | 20 | |
| 21 | Total. Add deductions from line 12, lines 15 and 16 in column (g), and lines 17 through 20. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions | 21 | 55,189 |
| 22 | For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs | 22 | |

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 23a, 23b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A - Depreciation and Other Information (Caution: See page 7 of the instructions for limits for passenger automobiles.)

23a Do you have evidence to support the business/investment use claimed? ☒ **Yes** ☐ **No** **23b** If "Yes," is the evidence written? ☒ **Yes** ☐ **No**

| (a)
Type of property (list vehicles first) | (b)
Date placed in service | (c) Business/
investment
use
percentage | (d)
Cost or
other basis | (e)
Basis for depreciation
(business/investment
use only) | (f)
Recovery
period | (g)
Method/
Convention | (h)
Depreciation
deduction | (i)
Elected
section 179
cost |
|---|-------------------------------|--|-------------------------------|--|---------------------------|------------------------------|----------------------------------|---------------------------------------|
|---|-------------------------------|--|-------------------------------|--|---------------------------|------------------------------|----------------------------------|---------------------------------------|

Property used more than 50% in a qualified business use (See page 6 of the instructions.):

| | | | | | | | | |
|------------|---------|-------|--------|--------|-----|--------|--|--|
| 8 BMW 328i | 3/23/99 | 100.0 | 47,283 | 47,283 | 3.0 | S/L HY | | |
| | | | | | | | | |
| | | | | | | | | |

Property used 50% or less in a qualified business use (See page 6 of the instructions.):

| | | | | | | | | |
|--|--|--|--|--|--|--|--|--|
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |

Add amounts in column (h). Enter the total here and on line 20, page 1 **26** **0**

Add amounts in column (i). Enter the total here and on line 7, page 1 **27** **0**

Section B - Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer questions in Section C to see if you meet an exception to completing this section for those vehicles.

| Total business/investment miles driven during the year (do not include commuting miles-see page 1 of the instructions) | (a)
Vehicle 1 | | (b)
Vehicle 2 | | (c)
Vehicle 3 | | (d)
Vehicle 4 | | (e)
Vehicle 5 | | (f)
Vehicle 6 | |
|--|------------------|----|------------------|----|------------------|----|------------------|----|------------------|----|------------------|----|
| Total commuting miles driven during the year | | | | | | | | | | | | |
| Total other personal (noncommuting) miles driven | | | | | | | | | | | | |
| Total miles driven during the year. Add lines 28 through 30 | | | | | | | | | | | | |
| Was the vehicle available for personal use during off-duty hours? | Yes | No | Yes | No | Yes | No | Yes | No | Yes | No | Yes | No |
| Was the vehicle used primarily by a more than 5% owner or related person? | | | | | | | | | | | | |
| Is another vehicle available for personal use? | | | | | | | | | | | | |

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons. See page 8 of the instructions.

| | Yes | No |
|--|-----|----|
| Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees? | | |
| Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? | | |
| See page 8 of the instructions for vehicles used by corporate officers, directors, or 1% or more owners. | | |
| Do you treat all use of vehicles by employees as personal use? | | |
| Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received? | | |
| Do you meet the requirements concerning qualified automobile demonstration use? See page 8 of the instructions | | |
| Note: If your answer to 35, 36, 37, 38 or 39 is "Yes," do not complete Section B for the covered vehicles. | | |

Part VI Amortization

| (a)
Description of costs | (b)
Date amortization
begins | (c)
Amortizable
amount | (d)
Code
section | (e)
Amortization
period or percentage | (f)
Amortization
for this year |
|-----------------------------|------------------------------------|------------------------------|------------------------|---|--------------------------------------|
|-----------------------------|------------------------------------|------------------------------|------------------------|---|--------------------------------------|

Amortization of costs that begins during your 2000 tax year (See page 8 of the instructions.):

| | | | | | |
|--|--|--|--|--|--|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

Amortization of costs that began before 2000 **41**

Total. Add amounts in column (f). See page 9 of the instructions for where to report **42**

Enter the gross proceeds from sales or exchanges reported to you for 2000 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions).

Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft - Most Property Held More Than 1 Year (See instructions.)

| (a) Description of property | (b) Date acquired (mo., day, yr.) | (c) Date sold (mo., day, yr.) | (d) Gross sales price | (e) Depreciation allowed or allowable since acquisition | (f) Cost or other basis, plus improvements and expense of sale | (g) Gain or (loss) Subtract (f) from the sum of (d) and (e) |
|-----------------------------|-----------------------------------|-------------------------------|-----------------------|---|--|---|
| MW | 3/23/99 | 3/31/00 | 29,000 | 3,060 | 47,283 | -15,223 |
| | | | | | | |
| | | | | | | |
| | | | | | | |

Gain, if any, from Form 4684, line 39 3

Section 1231 gain from installment sales from Form 6252, line 26 or 37 4

Section 1231 gain or (loss) from like-kind exchanges from Form 8824 5

Gain, if any, from line 32, from other than casualty or theft 6

Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows: 7 -15,223

Partnerships (except electing large partnerships). Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 6. Skip lines 8, 9, 11, and 12 below.

S corporations. Report the gain or (loss) following the instructions for Form 1120S, Schedule K, lines 5 and 6. Skip lines 8, 9, 11, and 12 below, unless line 7 is a gain and the S corporation is subject to capital gains tax.

All others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on Schedule D and skip lines 8, 9, and 12 below.

Nonrecaptured net section 1231 losses from prior years (see instructions) 8

Subtract line 8 from line 7. If zero or less, enter -0-. Also enter on the appropriate line as follows (see instructions): 9

S corporations. Enter any gain from line 9 on Schedule D (Form 1120S), line 15, and skip lines 11 and 12 below.

All others. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below, and enter the gain from line 9 as a long-term capital gain on Schedule D.

Part II Ordinary Gains and Losses

Ordinary gains and losses not included on lines 11 through 17 (include property held 1 year or less):

| | | | | | | |
|--|--|--|--|--|--|--|
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |

Loss, if any, from line 7 11 -15,223

Gain, if any, from line 7 or amount from line 8, if applicable 12

Gain, if any, from line 31 13

Net gain or (loss) from Form 4684, lines 31 and 38a 14

Ordinary gain from installment sales from Form 6252, line 25 or 36 15

Ordinary gain or (loss) from like-kind exchanges from Form 8824 16

Recapture of section 179 expense deduction for partners and S corporation shareholders from property dispositions by partnerships and S corporations (see instructions) 17

Combine lines 10 through 17. Enter the gain or (loss) here and on the appropriate line as follows: 18 -15,223

For all except individual returns: Enter the gain or (loss) from line 18 on the return being filed.

For individual returns:

(1) If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 27, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 22. Identify as from "Form 4797, line 18b(1)." See instructions 18b(1)

(2) Redetermine the gain or (loss) on line 18 excluding the loss, if any, on line 18b(1). Enter here and on Form 1040, line 14 18b(2)

6781

Gains and Losses From Section 1256 Contracts and Straddles

OMB No. 1545-0044

2000

Attachment
Sequence No. 82

▶ Attach to your tax return.

Department of the Treasury
Internal Revenue ServiceName(s) shown on tax return **ENERGY MERCHANT CORP
AND SUBSIDIARIES**

Identifying number

13-3855623

Check applicable box(es) (see instructions):

A ☐ Mixed straddle electionC ☐ Mixed straddle account electionB ☐ Straddle-by-straddle identification electionD ☐ Net section 1256 contracts loss election

Part I Section 1256 Contracts Marked to Market

| (a) Identification of account | (b) (Loss) | (c) Gain |
|---|------------|----------|
| OPEN COMMODITY FUTURES & OPTIONS | | 782,048 |
| Add amounts on line 1 in columns (b) and (c) | 2 () | 782,048 |
| Net gain or (loss). Combine columns (b) and (c) of line 2 | 3 | 782,048 |
| Form 1099-B adjustments. See instructions and attach schedule | 4 | |
| Combine lines 3 and 4 | 5 | 782,048 |
| Note: If line 5 shows a net gain, skip line 6 and enter the gain on line 7. Partnerships and S corporations, see instructions. | | |
| If you have a net section 1256 contracts loss and checked box D, enter the amount to be carried back | 6 | |
| Subtract line 6 from line 5 | 7 | 782,048 |
| Short-term capital gain or (loss). Multiply line 7 by 40%. Enter here and include on Schedule D. See instructions | 8 | 312,819 |
| Long-term capital gain or (loss). Multiply line 7 by 60%. Enter here and include on Schedule D. See instructions | 9 | 469,229 |

Part II Gains and Losses From Straddles. Attach a separate schedule listing each straddle and its components.

Section A - Losses From Straddles

| (a) Description of property | (b) Date entered into or acquired | (c) Date closed out or sold | (d) Gross sales price | (e) Cost or other basis plus expense of sale | (f) Loss. If column (e) is more than (d), enter difference. Otherwise, enter -0- | (g) Unrecognized gain on offsetting positions | (h) Recognized loss. If column (f) is more than (g), enter difference. Otherwise, enter -0- | * (i) 28% rate loss (see instr. below) |
|---|-----------------------------------|-----------------------------|-----------------------|--|--|---|---|--|
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| Enter short-term portion of line 10, column (h), losses here and include on Schedule D. See instructions | | | | | | 11a | () | |
| Enter long-term portion of losses from line 10, columns (h) and (i), here and include on Schedule D. See instrs | | | | | | 11b | () | |

Section B - Gains From Straddles

| (a) Description of property | (b) Date entered into or acquired | (c) Date closed out or sold | (d) Gross sales price | (e) Cost or other basis plus expense of sale | (f) Gain. If column (d) is more than (e), enter diff. Otherwise, enter 0 | * (g) 28% Rate gain (see instr. below) |
|---|-----------------------------------|-----------------------------|-----------------------|--|--|--|
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| Enter short-term portion of line 12, column (f), gains here and include on Schedule D. See instructions | | | | | 13a | |
| Enter long-term portion of gains from line 12, columns (f) and (g), here and include on Sch D. See instrs | | | | | 13b | |

Part III Unrecognized Gains From Positions Held on Last Day of Tax Year. Memo Entry Only - See instructions.

| (a) Description of property | (b) Date acquired | (c) Fair market value on last business day of tax year | (d) Cost or other basis as adjusted | (e) Unrecognized gain. If column (c) is more than (d), enter difference. Otherwise, enter -0- |
|---------------------------------|-------------------|--|-------------------------------------|---|
| OPEN COMMODITY FUTURES & OPTION | Various | | | 0 |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

* Rate Gain or Loss includes all "collectibles gains and losses" and up to 50% of the eligible gain on qualified small business stock. See Instructions for Schedule D (Form 1040).

Paperwork Reduction Act Notice, see page 3.

Form 6781 (2000)

GF0US16 12/27/00

Credit For Prior Year Minimum Tax - Corporations

OMB No. 1545-1257

2000

▶ Attach to the corporation's tax return.

| | | | |
|---|---|---|------------------|
| Name ENERGY MERCHANT CORP
AND SUBSIDIARIES | | Employer identification number
13-3855623 | |
| 1 | Alternative minimum tax (AMT) for 1999. Enter the amount from line 15 of the 1999 Form 4626 | 1 | |
| 2 | Minimum tax credit carryforward from 1999. Enter the amount from line 9 of the 1999 Form 8827 | 2 | 304,710 |
| 3 | Enter the total of any 1999 unallowed nonconventional source fuel credit and 1999 unallowed qualified electric vehicle credit. See instructions | 3 | |
| 4 | Add lines 1, 2, and 3 | 4 | 304,710 |
| 5 | Enter the corporation's 2000 regular income tax liability minus allowable tax credits. See instructions | 5 | 3,578,080 |
| 6 | If the corporation is:
<ul style="list-style-type: none"> ● A "small corporation" exempt from the AMT for 2000 and line 5 is \$25,000 or less, enter -0-. See instructions ● A "small corporation" exempt from the AMT for 2000 and line 5 is more than \$25,000, enter 25% (.25) of the excess. ● Not a "small corporation" exempt from the AMT for 2000, complete Form 4626 for 2000 and enter the tentative minimum tax from line 13 | 6 | 2,105,172 |
| 7 | Subtract line 6 from line 5. If zero or less, enter -0- | 7 | 1,472,908 |
| 8 | Minimum tax credit. Enter the smaller of line 4 or line 7. Also enter this amount on the appropriate line of the corporation's income tax return (e.g., Form 1120, Schedule J, line 6e). If the corporation had a post-1986 ownership change or has pre-acquisition excess credits, see instructions. | 8 | 304,710 |
| 9 | Minimum tax credit carryforward to 2001. Subtract line 8 from line 4. See instructions | 9 | |

12/31/00

Consolidated Statement of Income and Deductions
ENERGY MERCHANT CORP
AND SUBSIDIARIES

Page 1

13-3855623

| | ENERGY
MERCHANT CORP
13-3855623 | ENERGY
MERCHANT
HOLDING INC
13-4104912 | EMC CAPITAL CORP
51-0383350 | POWERINE OIL
COMPANY
95-4564080 | ANGLO
PETROLEUM
CORPORATION
95-4059009 | CORPORATE
DEVELOPMENT INC
13-3817433 |
|-----------------------|---------------------------------------|---|--------------------------------|---------------------------------------|---|--|
| INCOME | | | | | | |
| 1a | Gross receipts or sales | | | | | |
| 1b | Less returns and allowances | | | | | |
| 1c | Net sales | | | | | |
| 2 | Cost of goods sold | | | | | |
| 3 | Gross profit | | | | | |
| 4 | Dividends | 16,915,490 | 26,409,829 | 29,100 | | |
| 5 | Interest | 23,311 | 772,296 | 763,448 | | |
| 6 | Gross rents | | | | | |
| 7 | Gross royalties | | | | | |
| 8 | Capital gain net income | 435,148 | | 35,945,660 | | |
| 9 | Net gain (loss) from 4797 | -15,223 | | | | |
| 10 | Other income See Statement 1 | 163,632 | | 107,972 | | |
| 11 | Total Income | 17,522,358 | 27,182,125 | 36,738,206 | 107,972 | 0 |
| DEDUCTIONS | | | | | | |
| 12 | Compensation of officers | 2,395,891 | | 9,708,541 | | |
| 13 | Salaries and wages | 1,274,597 | | | | |
| 14 | Repairs and maintenance | 7,202 | | | | |
| 15 | Bad debts | | | | | |
| 16 | Rents | 398,099 | | 185,112 | | |
| 17 | Taxes and licenses | 747,743 | | 113,930 | 15,723 | |
| 18 | Interest | 237 | | 300,767 | | |
| 19 | Charitable contributions | 7,100 | 200 | 50,000 | | |
| 21b | Depreciation | 55,189 | | | | |
| 22 | Depletion | | | | | |
| 23 | Advertising | | | | | |
| 24 | Pension, profit-sharing plans | 98,296 | | | | |
| 25 | Employee benefit programs | 244,921 | | 11,248 | | |
| 26 | Other deductions Statement 2 | 1,583,135 | 9,517,944 | 124,928 | 107,972 | |
| 27 | Total deductions | 6,810,410 | 9,518,144 | 10,474,524 | 123,695 | 0 |
| TAXABLE INCOME | | | | | | |
| 28 | TI before NOL/special deductions | 10,711,948 | 17,663,981 | 26,263,682 | -15,723 | 0 |
| 29a | Net operating loss deduction | | | | | |
| 29b | Special deductions | 16,915,490 | 26,409,829 | 20,370 | | |
| 30 | Taxable income | -6,203,542 | -8,745,848 | 26,243,312 | -15,723 | 0 |

12/31/00

Consolidated Statement of Income and Deductions

ENERGY MERCHANT CORP AND SUBSIDIARIES

Page 2

13-3855623

| | Total | Eliminations | Adjustments | Consolidated |
|-------------------------------------|------------|--------------|-------------|--------------|
| INCOME | | | | |
| 1a Gross receipts or sales | | | | |
| 1b Less returns and allowances | | | | |
| 1c Net sales | | | | |
| 2 Cost of goods sold | | | | |
| 3 Gross profit | | | | |
| 4 Dividends | 43,354,419 | 43,325,319 | | 29,100 |
| 5 Interest | 1,559,053 | | | 1,559,053 |
| 6 Gross rents | | | | |
| 7 Gross royalties | | | | |
| 8 Capital gain net income | 36,380,808 | | -769,400 | 35,611,408 |
| 9 Net gain (loss) from 4797 | -15,223 | | | -15,223 |
| 10 Other Income See Statement 1 | 271,604 | 107,972 | | 163,632 |
| 11 Total Income | 81,550,661 | 43,433,291 | -769,400 | 37,347,970 |
| DEDUCTIONS | | | | |
| 12 Compensation of officers | 12,104,432 | | | 12,104,432 |
| 13 Salaries and wages | 1,274,597 | | | 1,274,597 |
| 14 Repairs and maintenance | 7,202 | | | 7,202 |
| 15 Bad debts | | | | |
| 16 Rents | 561,211 | | | 561,211 |
| 17 Taxes and licenses | 877,396 | | | 877,396 |
| 18 Interest | 301,004 | | | 301,004 |
| 19 Charitable contributions | 57,300 | | | 57,300 |
| 21b Depreciation | 55,189 | | | 55,189 |
| 22 Depletion | | | | |
| 23 Advertising | | | | |
| 24 Pension, profit-sharing plans | 98,296 | | | 98,296 |
| 25 Employee benefit programs | 256,167 | | | 256,167 |
| 26 Other deductions Statement 2 | 11,333,979 | 107,972 | | 11,226,007 |
| 27 Total deductions | 26,926,773 | 107,972 | | 26,818,801 |
| TAXABLE INCOME | | | | |
| 28 TI before NOL/special deductions | 54,623,888 | 43,325,319 | -769,400 | 10,529,169 |
| 29a Net operating loss deduction | | | | |
| 29b Special deductions | 43,345,689 | | -43,325,319 | 20,370 |
| 30 Taxable income | 11,278,199 | 43,325,319 | 42,555,919 | 10,508,799 |

12/31/00

Consolidated Statement of Dividend Income
ENERGY MERCHANT CORP
AND SUBSIDIARIES

Page 1

13-3855623

| | ENERGY
MERCHANT CORP

13-3855623 | ENERGY
MERCHANT
HOLDING INC
13-4104912 | EMC CAPITAL CORP

51-0383350 | POWERINE OIL
COMPANY
95-4564080 | ANGLO
PETROLEUM
CORPORATION
95-4059009 | CORPORATE
DEVELOPMENT INC
13-3817433 |
|---|---|---|------------------------------------|---------------------------------------|---|--|
| 1 Dividends from less than 20%
owned domestic corporations | | | 29,100 | | | |
| 2 Dividends from 20%-or-more-owned
domestic corporations | | | | | | |
| 3 Dividends on debt-financed stock
of domestic and foreign
corporations | | | | | | |
| 4 Dividends on certain pref. stock
of less-than-20%-owned public
utilities | | | | | | |
| 5 Dividends on certain pref. stock
of 20%-or-more-owned public
utilities | | | | | | |
| 6 Dividends from less-than-20%-
owned foreign corporations and
certain FSC's | | | | | | |
| 7 Dividends from 20%-or-more-owned
foreign corporations and
certain FSC's | | | | | | |
| 8 Dividends from wholly owned
foreign subsidiaries | | | | | | |
| 10 Dividends from domestic corp-
orations received by a small bus-
iness investment co. operating
under the Small Business Invest-
ment Act of 1958 | | | | | | |
| 11 Dividends from certain FSC's | | | | | | |
| 12 Dividends from affiliated group
members | 16,915,490 | 26,409,829 | | | | |
| 13 Other dividends from foreign
corporations | | | | | | |
| 14 Income from controlled foreign
corporations under subpart F | | | | | | |
| 15 Foreign dividend gross-up | | | | | | |
| 16 IC-DISC and former DISC dividends
not included above | | | | | | |
| 17 Other dividends | | | | | | |
| 19 Total dividends | 16,915,490 | 26,409,829 | 29,100 | | | |

12/31/00

Consolidated Statement of Dividend Income
ENERGY MERCHANT CORP
AND SUBSIDIARIES

Page 2

13-3855623

| | Total | Eliminations | Adjustments | Consolidated |
|---|------------|--------------|-------------|--------------|
| 1 Dividends from less than 20% owned domestic corporations | 29,100 | | | 29,100 |
| 2 Dividends from 20%-or-more-owned domestic corporations | | | | |
| 3 Dividends on debt-financed stock of domestic and foreign corporations | | | | |
| 4 Dividends on certain pref. stock of less-than-20%-owned public utilities | | | | |
| 5 Dividends on certain pref. stock of 20%-or-more-owned public utilities | | | | |
| 6 Dividends from less-than-20%-owned foreign corporations and certain FSC's | | | | |
| 7 Dividends from 20%-or-more-owned foreign corporations and certain FSC's | | | | |
| 8 Dividends from wholly owned foreign subsidiaries | | | | |
| 10 Dividends from domestic corporations received by a small business investment co. operating under the Small Business Investment Act of 1958 | | | | |
| 11 Dividends from certain FSC's | | | | |
| 12 Dividends from affiliated group members | 43,325,319 | 43,325,319 | | 0 |
| 13 Other dividends from foreign corporations | | | | |
| 14 Income from controlled foreign corporations under subpart F | | | | |
| 15 Foreign dividend gross-up | | | | |
| 16 IC-DISC and former DISC dividends not included above | | | | |
| 17 Other dividends | | | | |
| 19 Total dividends | 43,354,419 | 43,325,319 | | 29,100 |

12/31/00

Consolidated Beginning Balance Sheet

ENERGY MERCHANT CORP AND SUBSIDIARIES

Page 1

13-3855623

| | ENERGY
MERCHANT CORP
13-3855623 | ENERGY
MERCHANT
HOLDING INC
13-4104912 | EMC CAPITAL CORP
51-0383350 | POWERINE OIL
COMPANY
95-4564080 | ANGLO
PETROLEUM
CORPORATION
95-4059009 | CORPORATE
DEVELOPMENT INC
13-3817433 |
|---|---------------------------------------|---|--------------------------------|---------------------------------------|---|--|
| ASSETS | | | | | | |
| 1 Cash | 212,554 | | | | | |
| 2a Trade notes & accounts receivable | | | | | | |
| 2b Less allowance for bad debts | | | | | | |
| 3 Inventories | | | | | | |
| 4 U.S. government obligations | | | | | | |
| 5 Tax-exempt securities | | | | | | |
| 6 Other current assets Statement 6 | 13,246,615 | | 2,047,449 | 1,472,546 | | |
| 7 Loans to shareholders Statement 7 | | | | | 100 | 100 |
| 8 Mortgage and real estate loans | | | | | | |
| 9 Other investments Statement 8 | 12,192,116 | 10,142,650 | | | | |
| 10a Buildings & other depr. assets | 59,586 | | | | | |
| 10b Less accumulated depreciation | (14,704) | | | | | |
| 11a Depletable assets | | | | | | |
| 11b Less accumulated depletion | | | | | | |
| 12 Land (net of amortization) | | | | | | |
| 13a Intangible assets (amortizable) | | | | | | |
| 13b Less accumulated amortization | | | | | | |
| 14 Other assets See Statement 9 | 95,000 | | | | | |
| 15 Total assets | 25,791,167 | 10,142,650 | 2,047,449 | 1,472,546 | 100 | 100 |
| LIABILITIES AND EQUITY | | | | | | |
| 16 Accounts payable | | | | | | |
| 17 Mortgages, notes, bonds payable
in less than one year | | | | | | |
| 18 Other current liabilities Statement 10 | 10,017,001 | | 2,151,178 | 4,263,539 | | |
| 19 Loans from shareholders | 36,000 | | | | | |
| 20 Mortgages, notes, bonds payable
in more than one year | | | | | | |
| 21 Other liabilities See Statement 11 | | | | 11,287,170 | | |
| 22a Capital stock - preferred | | | | | | |
| 22b Capital stock - common | 3,350,000 | 500 | 1,000,000 | 1 | 100 | 100 |
| 23 Additional paid-in capital | | 8,189,082 | | 999,999 | | |
| 24 Retained earnings-Appropriated | | | | | | |
| 25 Retained earnings-Unappropriated | 12,388,166 | 1,953,068 | -1,103,729 | -15,078,163 | | |
| 26 Adjustments to shareholder equity | | | | | | |
| 27 Less cost of treasury stock | | | | | | |
| 28 Total liabilities and equity | 25,791,167 | 10,142,650 | 2,047,449 | 1,472,546 | 100 | 100 |

12/31/00

Consolidated Beginning Balance Sheet
ENERGY MERCHANT CORP
AND SUBSIDIARIES

Page 2

13-3855623

| | Total | Eliminations | Adjustments | Consolidated |
|---|------------|--------------|-------------|--------------|
| ASSETS | | | | |
| 1 Cash | 212,554 | | | 212,554 |
| 2a Trade notes & accounts receivable | | | | |
| 2b Less allowance for bad debts | | | | |
| 3 Inventories | | | | |
| 4 U.S. government obligations | | | | |
| 5 Tax-exempt securities | | | | |
| 6 Other current assets Statement 6 | 18,766,810 | 3,065,494 | | 13,701,116 |
| 7 Loans to shareholders Statement 7 | 200 | | | 200 |
| 8 Mortgage and real estate loans | | | | |
| 9 Other investments Statement 8 | 22,334,766 | 11,038,922 | | 11,295,844 |
| 10a Buildings & other depr. assets | 59,586 | | | 59,586 |
| 10b Less accumulated depreciation | (14,704) | | | (14,704) |
| 11a Depletable assets | | | | |
| 11b Less accumulated depletion | | | | |
| 12 Land (net of amortization) | | | | |
| 13a Intangible assets (amortizable) | | | | |
| 13b Less accumulated amortization | | | | |
| 14 Other assets See Statement 9 | 95,000 | | | 95,000 |
| 15 Total assets | 39,454,012 | 14,104,416 | | 25,349,596 |
| LIABILITIES AND EQUITY | | | | |
| 16 Accounts payable | | | | |
| 17 Mortgages, notes, bonds payable
in less than one year | | | | |
| 18 Other current liabilities Statement 10 | 16,431,718 | 3,065,494 | | 13,366,224 |
| 19 Loans from shareholders | 36,000 | | | 36,000 |
| 20 Mortgages, notes, bonds payable
in more than one year | | | | |
| 21 Other liabilities See Statement 11 | 11,287,170 | | | 11,287,170 |
| 22a Capital stock - preferred | | | | |
| 22b Capital stock - common | 4,350,701 | 1,000,501 | | 3,350,200 |
| 23 Additional paid-in capital | 9,189,081 | 9,189,081 | | 0 |
| 24 Retained earnings-Appropriated | | | | |
| 25 Retained earnings-Unappropriated | -1,840,658 | 849,340 | | -2,689,998 |
| 26 Adjustments to shareholder equity | | | | |
| 27 Less cost of treasury stock | | | | |
| 28 Total liabilities and equity | 39,454,012 | 14,104,416 | | 25,349,596 |

12/31/00

Consolidated Ending Balance Sheet

ENERGY MERCHANT CORP AND SUBSIDIARIES

Page 1

13-3855623

| | ENERGY
MERCHANT CORP
13-3855623 | ENERGY
MERCHANT
HOLDING INC
13-4104912 | EMC CAPITAL CORP
51-0383350 | POWERINE OIL
COMPANY
95-4564080 | ANGLO
PETROLEUM
CORPORATION
95-4059009 | CORPORATE
DEVELOPMENT INC
13-3817433 |
|---|---------------------------------------|---|--------------------------------|---------------------------------------|---|--|
| ASSETS | | | | | | |
| 1 Cash | 596,844 | | | | | |
| 2a Trade notes & accounts receivable | | | | | | |
| 2b Less allowance for bad debts | | | | | | |
| 3 Inventories | | | | | | |
| 4 U.S. government obligations | | | | | | |
| 5 Tax-exempt securities | | | | | | |
| 6 Other current assets Statement 6 | 23,122,103 | | 8,356,163 | 1,348,851 | | |
| 7 Loans to shareholders Statement 7 | | | | | 100 | 100 |
| 8 Mortgage and real estate loans | | | | | | |
| 9 Other investments Statement 8 | 9,977,009 | 8,508,621 | | | | |
| 10a Buildings & other depr. assets | 589,523 | | | | | |
| 10b Less accumulated depreciation | (40,900) | | | | | |
| 11a Depletable assets | | | | | | |
| 11b Less accumulated depletion | | | | | | |
| 12 Land (net of amortization) | | | | | | |
| 13a Intangible assets (amortizable) | | | | | | |
| 13b Less accumulated amortization | | | | | | |
| 14 Other assets See Statement 9 | 60,000 | | | | | |
| 15 Total assets | 34,304,579 | 8,508,621 | 8,356,163 | 1,348,851 | 100 | 100 |
| LIABILITIES AND EQUITY | | | | | | |
| 16 Accounts payable | | | | | | |
| 17 Mortgages, notes, bonds payable
in less than one year | | | | | | |
| 18 Other current liabilities Statement 10 | 11,350,415 | | 9,050,063 | 4,155,587 | | |
| 19 Loans from shareholders | 195,959 | | | | | |
| 20 Mortgages, notes, bonds payable
in more than one year | | | | | | |
| 21 Other liabilities See Statement 11 | | | | 8,487,170 | | |
| 22a Capital stock - preferred | | | | | | |
| 22b Capital stock - common | 3,350,000 | 500 | 1,000,000 | 1 | 100 | 100 |
| 23 Additional paid-in capital | 756,700 | 16,639,563 | | 999,999 | | |
| 24 Retained earnings-Appropriated | | | | | | |
| 25 Retained earnings-Unappropriated | 19,351,505 | -8,131,442 | -1,693,900 | -12,293,886 | | |
| 26 Adjustments to shareholder equity | | | | | | |
| 27 Less cost of treasury stock | (700,000) | | | | | |
| 28 Total liabilities and equity | 34,304,579 | 8,508,621 | 8,356,163 | 1,348,851 | 100 | 100 |

12/31/00

Consolidated Ending Balance Sheet

ENERGY MERCHANT CORP AND SUBSIDIARIES

Page 2

13-3855623

| | Total | Eliminations | Adjustments | Consolidated |
|---|------------|--------------|-------------|--------------|
| ASSETS | | | | |
| 1 Cash | 596,844 | | | 596,844 |
| 2a Trade notes & accounts receivable | | | | |
| 2b Less allowance for bad debts | | | | |
| 3 Inventories | | | | |
| 4 U.S. government obligations | | | | |
| 5 Tax-exempt securities | | | | |
| 6 Other current assets Statement 6 | 32,827,117 | 9,932,608 | | 22,894,509 |
| 7 Loans to shareholders Statement 7 | 200 | | | 200 |
| 8 Mortgage and real estate loans | | | | |
| 9 Other Investments Statement 8 | 18,485,630 | 8,814,721 | | 9,670,909 |
| 10a Buildings & other depr. assets | 589,523 | | | 589,523 |
| 10b Less accumulated depreciation | (40,900) | | | (40,900) |
| 11a Depletable assets | | | | |
| 11b Less accumulated depletion | | | | |
| 12 Land (net of amortization) | | | | |
| 13a Intangible assets (amortizable) | | | | |
| 13b Less accumulated amortization | | | | |
| 14 Other assets See Statement 9 | 60,000 | | | 60,000 |
| 15 Total assets | 52,518,414 | 18,747,329 | | 33,771,085 |
| LIABILITIES AND EQUITY | | | | |
| 16 Accounts payable | | | | |
| 17 Mortgages, notes, bonds payable
in less than one year | | | | |
| 18 Other current liabilities Statement 10 | 24,556,045 | 9,932,608 | | 14,623,437 |
| 19 Loans from shareholders | 195,959 | | | 195,959 |
| 20 Mortgages, notes, bonds payable
in more than one year | | | | |
| 21 Other liabilities See Statement 11 | 8,487,170 | | | 8,487,170 |
| 22a Capital stock - preferred | | | | |
| 22b Capital stock - common | 4,350,701 | 1,000,501 | | 3,350,200 |
| 23 Additional paid-in capital | 18,396,262 | 17,639,562 | | 756,700 |
| 24 Retained earnings-Appropriated | | | | |
| 25 Retained earnings-Unappropriated | -2,787,723 | -9,825,341 | 1 | 7,057,619 |
| 26 Adjustments to shareholder equity | | | | |
| 27 Less cost of treasury stock | (700,000) | | | (700,000) |
| 28 Total liabilities and equity | 52,518,414 | 18,747,330 | 1 | 33,771,085 |

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Consolidated Schedules M-1 and M-2

Page 1

ENERGY MERCHANT CORP
AND SUBSIDIARIES

13-3855623

| | ENERGY
MERCHANT CORP
13-3855623 | ENERGY
MERCHANT
HOLDING INC
13-4104912 | EMC CAPITAL CORP
51-0383350 | POWERINE OIL
COMPANY
95-4564080 | ANGLO
PETROLEUM
CORPORATION
95-4059009 | CORPORATE
DEVELOPMENT INC
13-3817433 |
|---|---------------------------------------|---|--------------------------------|---------------------------------------|---|--|
| SCHEDULE M-1 | | | | | | |
| 1 Net income per books | 6,963,339 | 16,915,490 | 26,409,829 | 2,784,277 | 0 | 0 |
| 2 Federal income tax | 3,035,128 | | | | | |
| 3 Excess of capital losses over
capital gains | | 769,400 | | | | |
| 4 Income subject to tax not recorded
on books this year Statement 12 | 661,311 | | | | | |
| Expenses recorded on books this
year not deducted on this return: | | | | | | |
| 5a Depreciation | | | | | | |
| 5b Contributions carryover | | | | | | |
| 5c Travel and entertainment | 101,311 | 11,713 | 31,046 | | | |
| Other items See Statement 13 | 397,000 | | | | | |
| 6 Total lines 1 - 5 | 11,158,089 | 17,696,603 | 26,440,875 | 2,784,277 | 0 | 0 |
| Income recorded on books this year
not included on this return: | | | | | | |
| 7a Tax-exempt interest | | | | | | |
| 7b Other items See Statement 14 | | 15,179 | 177,193 | 2,800,000 | | |
| Deductions on this return not
charged against book income: | | | | | | |
| 8a Depreciation | 13,223 | 1,530 | | | | |
| 8b Contributions carryover | | | | | | |
| Other items See Statement 15 | 432,918 | 15,913 | | | | |
| 9 Total lines 7 and 8 | 446,141 | 32,622 | 177,193 | 2,800,000 | 0 | 0 |
| 10 Taxable income | 10,711,948 | 17,663,981 | 26,263,682 | -15,723 | 0 | 0 |
| SCHEDULE M-2 | | | | | | |
| 1 Beginning retained earnings | 12,388,166 | 1,953,068 | -1,103,729 | -15,078,163 | | |
| 2 Net income per books | 6,963,339 | 16,915,490 | 26,409,829 | 2,784,277 | | |
| 3 Other increases | | | | | | |
| 4 Total lines 1 - 3 | 19,351,505 | 18,868,558 | 25,306,100 | -12,293,886 | | |
| 5 Distributions: | | | | | | |
| 5a Cash | | 27,000,000 | 27,000,000 | | | |
| 5b Stock | | | | | | |
| 5c Property | | | | | | |
| 6 Other decreases | | | | | | |
| 7 Total lines 5 and 6 | | 27,000,000 | 27,000,000 | | | |
| 8 Ending retained earnings | 19,351,505 | -8,131,442 | -1,893,900 | -12,293,886 | 0 | 0 |

12/31/00

Consolidated Schedules M-1 and M-2
ENERGY MERCHANT CORP
AND SUBSIDIARIES

Page 2

13-3855623

| | Total | Eliminations | Adjustments | Consolidated |
|--|------------|--------------|-------------|--------------|
| SCHEDULE M-1 | | | | |
| 1 Net income per books | 53,072,935 | 43,325,319 | 1 | 9,747,617 |
| 2 Federal income tax | 3,035,128 | | | 3,035,128 |
| 3 Excess of capital losses over capital gains | 769,400 | | -769,400 | 0 |
| 4 Income subject to tax not recorded on books this year Statement 12 | 661,311 | | | 661,311 |
| Expenses recorded on books this year not deducted on this return: | | | | |
| 5a Depreciation | | | | |
| 5b Contributions carryover | | | | |
| 5c Travel and entertainment | 144,070 | | -1 | 144,069 |
| Other items See Statement 13 | 397,000 | | | 397,000 |
| 6 Total lines 1 - 5 | 58,079,844 | 43,325,319 | -769,400 | 13,985,125 |
| Income recorded on books this year not included on this return: | | | | |
| 7a Tax-exempt interest | | | | |
| 7b Other items See Statement 14 | 2,992,372 | | | 2,992,372 |
| Deductions on this return not charged against book income: | | | | |
| 8a Depreciation | 14,753 | | | 14,753 |
| 8b Contributions carryover | | | | |
| Other items See Statement 15 | 448,831 | | | 448,831 |
| 9 Total lines 7 and 8 | 3,455,956 | | | 3,455,956 |
| 10 Taxable Income | 54,623,888 | 43,325,319 | -769,400 | 10,529,169 |
| SCHEDULE M-2 | | | | |
| 1 Beginning retained earnings | -1,840,658 | 849,340 | | -2,689,998 |
| 2 Net income per books | 53,072,935 | 43,325,319 | 1 | 9,747,617 |
| 3 Other increases | | | | |
| 4 Total lines 1 - 3 | 51,232,277 | 44,174,659 | 1 | 7,057,619 |
| 5 Distributions: | | | | |
| 5a Cash | 54,000,000 | 54,000,000 | | 0 |
| 5b Stock | | | | |
| 5c Property | | | | |
| 6 Other decreases | | | | |
| 7 Total lines 5 and 6 | 54,000,000 | 54,000,000 | | 0 |
| 8 Ending retained earnings | -2,767,723 | -9,825,341 | 1 | 7,057,619 |

12/31/00

Consolidated Statement of Alternative Minimum Taxable Income

ENERGY MERCHANT CORP AND SUBSIDIARIES

Page 1

13-3855623

| | ENERGY
MERCHANT CORP
13-3855623 | ENERGY
MERCHANT
HOLDING INC
13-4104912 | EMC CAPITAL CORP
51-0383350 | POWERINE OIL
COMPANY
95-4564080 | ANGLO
PETROLEUM
CORPORATION
95-4059009 | CORPORATE
DEVELOPMENT INC
13-3817433 |
|---|---------------------------------------|---|--------------------------------|---------------------------------------|---|--|
| 1 Taxable income before NOL | -6,203,542 | -8,745,848 | 26,243,312 | -15,723 | 0 | 0 |
| Adjustments and Preferences: | | | | | | |
| 2a Depreciation of post-86 property | 1,664 | 119 | | | | |
| 2b Amortization of certified
pollution control facilities | | | | | | |
| 2c Amortization of mining explor-
ation & development costs | | | | | | |
| 2d Amortization of circulation
expenditures | | | | | | |
| 2e Adjusted gain or loss | | | | | | |
| 2f Long-term contracts | | | | | | |
| 2g Installment sales | | | | | | |
| 2h Merchant marine capital constr-
uction funds | | | | | | |
| 2i Section 833(b) deduction | | | | | | |
| 2j Tax shelter farm activities | | | | | | |
| 2k Passive activities | | | | | | |
| 2l Loss limitations | | | | | | |
| 2m Depletion | | | | | | |
| 2n Tax-exempt interest from spec-
ified private activity bonds | | | | | | |
| 2o Intangible drilling costs | | | | | | |
| 2p Accelerated depr - real property | | | | | | |
| 2q Accelerated depr - leased
personal property | | | | | | |
| 2r Other adjustments | 7,100 | 200 | | | | |
| 2s Total Adjustments & Preferences | 8,764 | 319 | 0 | 0 | 0 | 0 |
| 3 Pre-adjustment AMTI | -6,194,778 | -8,745,529 | 26,243,312 | -15,723 | 0 | 0 |
| 4a Adjusted current earnings | -6,194,778 | -8,745,529 | 26,263,682 | -15,723 | | |
| 4b Subtract line 3 from line 4a | | | 20,370 | | | |
| 4c Multiply line 4b by 75% | | | 15,278 | | | |
| 4d Prior ACE increases over
reductions | 0 | 0 | 0 | 0 | 0 | 0 |
| 4e ACE adjustment | 0 | 0 | 15,278 | 0 | 0 | 0 |
| 5 AMTI before AMT NOL | -6,194,778 | -8,745,529 | 26,258,590 | -15,723 | | |
| 6 AMT NOL | | | | | | |
| 7 Alternative minimum taxable income | -6,194,778 | -8,745,529 | 26,258,590 | -15,723 | | |

ENERGY MERCHANT CORP
AND SUBSIDIARIES

13-3855623

| | Total | Eliminations | Adjustments | Consolidated |
|---|------------|--------------|-------------|--------------|
| 1 Taxable income before NOL | 11,278,199 | 43,325,319 | 42,555,919 | 10,508,799 |
| Adjustments and Preferences: | | | | |
| 2a Depreciation of post-86 property | 1,783 | | | 1,783 |
| 2b Amortization of certified
pollution control facilities | | | | |
| 2c Amortization of mining explor-
ation & development costs | | | | |
| 2d Amortization of circulation
expenditures | | | | |
| 2e Adjusted gain or loss | | | | |
| 2f Long-term contracts | | | | |
| 2g Installment sales | | | | |
| 2h Merchant marine capital constr-
uction funds | | | | |
| 2i Section 833(b) deduction | | | | |
| 2j Tax shelter farm activities | | | | |
| 2k Passive activities | | | | |
| 2l Loss limitations | | | | |
| 2m Depletion | | | | |
| 2n Tax-exempt interest from spec-
ified private activity bonds | | | | |
| 2o Intangible drilling costs | | | | |
| 2p Accelerated depr - real property | | | | |
| 2q Accelerated depr - leased
personal property | | | | |
| 2r Other adjustments | 7,300 | | -7,300 | 0 |
| 2s Total Adjustments & Preferences | 9,083 | | -7,300 | 1,783 |
| 3 Pre-adjustment AMTI | 11,287,282 | 43,325,319 | 42,548,619 | 10,510,582 |
| 4a Adjusted current earnings | 11,307,652 | 43,325,319 | 42,548,619 | 10,530,952 |
| 4b Subtract line 3 from line 4a | 20,370 | | | 20,370 |
| 4c Multiply line 4b by 75% | 15,278 | | | 15,278 |
| 4d Prior ACE increases over
reductions | 0 | | | 0 |
| 4e ACE adjustment | 15,278 | | | 15,278 |
| 5 AMTI before AMT NOL | 11,302,560 | 43,325,319 | 42,548,619 | 10,525,860 |
| 6 AMT NOL | | | | |
| 7 Alternative minimum taxable income | 11,302,560 | 43,325,319 | 42,548,619 | 10,525,860 |

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Consolidated Statement of Adjusted Current Earnings

Page 1

ENERGY MERCHANT CORP
AND SUBSIDIARIES

13-3855623

| | ENERGY
MERCHANT CORP
13-3855623 | ENERGY
MERCHANT
HOLDING INC
13-4104912 | EMC CAPITAL CORP
51-0383350 | POWERINE OIL
COMPANY
95-4564080 | ANGLO
PETROLEUM
CORPORATION
95-4059009 | CORPORATE
DEVELOPMENT INC
13-3817433 |
|--|---------------------------------------|---|--------------------------------|---------------------------------------|---|--|
| 1 Pre-adjustment AMTI | -6,194,778 | -8,745,529 | 26,243,312 | -15,723 | 0 | 0 |
| ACE depreciation Adjustment: | | | | | | |
| 2a AMT depreciation | 53,525 | | | | | |
| 2b Post-1993 property | 53,525 | | | | | |
| Post-1989, pre-1994 property | | | | | | |
| Pre-1990 MACRS property | | | | | | |
| Pre-1990 original ACRS property | | | | | | |
| Property described in 168(f)(1-4) | | | | | | |
| Other property | | | | | | |
| Section 179 expense | | | | | | |
| Total ACE depreciation | 53,525 | | | | | |
| ACE depr. adjustment from K-1 | | | | | | |
| 2c ACE depreciation adjustment | 0 | 0 | 0 | 0 | 0 | 0 |
| Inclusion in ACE of Items Included
in Earnings & Profits: | | | | | | |
| 3a Tax-exempt interest income | | | | | | |
| 3b Death benefits from life insurance
contracts | | | | | | |
| 3c All other distributions from life
insurance contracts | | | | | | |
| 3d Inside buildup of life insurance
contracts | | | | | | |
| 3e Other items | | | | | | |
| 3f Total increase to ACE | 0 | 0 | 0 | 0 | 0 | 0 |
| Disallowance of Items Not Deduct-
ible From Earnings & Profits: | | | | | | |
| 4a Certain dividends received | | | 20,370 | | | |
| 4b Dividends paid on preferred stock
of utilities | | | | | | |
| 4c Dividends paid to an ESOP | | | | | | |
| 4d Nonpatronage dividends | | | | | | |
| 4e Other items | | | | | | |
| 4f Total increase to ACE | 0 | 0 | 20,370 | 0 | 0 | 0 |
| Other Adjustments: | | | | | | |
| 5a Intangible drilling costs | | | | | | |
| 5b Circulation expenditures | | | | | | |
| 5c Organizational expenditures | | | | | | |
| 5d LIFO inventory adjustments | | | | | | |
| 5e Installment sales | | | | | | |
| 5f Total other E & P adjustments | 0 | 0 | 0 | 0 | 0 | 0 |
| 6 Loss on bad debt pool exchange | | | | | | |
| 7 Acq. exp. of life ins. co's. | | | | | | |
| 8 Depletion | | | | | | |
| 9 Basis adjustments | | | | | | |
| 10 Adjusted Current Earnings | -6,194,778 | -8,745,529 | 26,263,682 | -15,723 | 0 | 0 |

12/31/00

Consolidated Statement of Adjusted Current Earnings

Page 2

ENERGY MERCHANT CORP
AND SUBSIDIARIES

13-3855623

| | Total | Eliminations | Adjustments | Consolidated |
|--|------------|--------------|-------------|--------------|
| 1 Pre-adjustment AMTI | 11,287,282 | 43,325,319 | 42,548,619 | 10,510,582 |
| ACE depreciation Adjustment: | | | | |
| 2a AMT depreciation | 53,525 | | | 53,525 |
| 2b Post-1993 property | 53,525 | | | 53,525 |
| Post-1989, pre-1994 property | | | | |
| Pre-1990 MACRS property | | | | |
| Pre-1990 original ACRS property | | | | |
| Property described in 168(f)(1-4) | | | | |
| Other property | | | | |
| Section 179 expense | | | | |
| Total ACE depreciation | 53,525 | | | 53,525 |
| ACE depr. adjustment from K-1 | | | | |
| 2c ACE depreciation adjustment | 0 | | | 0 |
| Inclusion in ACE of Items Included
in Earnings & Profits: | | | | |
| 3a Tax-exempt interest income | | | | |
| 3b Death benefits from life insurance
contracts | | | | |
| 3c All other distributions from life
insurance contracts | | | | |
| 3d Inside buildup of life insurance
contracts | | | | |
| 3e Other items | | | | |
| 3f Total increase to ACE | 0 | | | 0 |
| Disallowance of Items Not Deduct-
ible From Earnings & Profits: | | | | |
| 4a Certain dividends received | 20,370 | | | 20,370 |
| 4b Dividends paid on preferred stock
of utilities | | | | |
| 4c Dividends paid to an ESOP | | | | |
| 4d Nonpatronage dividends | | | | |
| 4e Other items | | | | |
| 4f Total Increase to ACE | 20,370 | | | 20,370 |
| Other Adjustments: | | | | |
| 5a Intangible drilling costs | | | | |
| 5b Circulation expenditures | | | | |
| 5c Organizational expenditures | | | | |
| 5d LIFO inventory adjustments | | | | |
| 5e Installment sales | | | | |
| 5f Total other E & P adjustments | 0 | | | 0 |
| 6 Loss on bad debt pool exchange | | | | |
| 7 Acqu. exp. of life ins. co's. | | | | |
| 8 Depletion | | | | |
| 9 Basis adjustments | | | | |
| 10 Adjusted Current Earnings | 11,307,652 | 43,325,319 | 42,548,619 | 10,530,952 |

Federal Statements
ENERGY MERCHANT CORP
AND SUBSIDIARIES

13-3855623

Statement 1
Form 1120, Line 10
Other Income

| | ENERGY
MERCHANT
CORP
13-3855623 | ENERGY
MERCHANT
HOLDING
13-4104912 | EMC
CAPITAL
CORP
51-0383350 | POWERINE
OIL
COMPANY
954564080 | ANGLO
PETROLEUM
CORPORATIO
95-4059009 | CORPORATE
DEVELOPME
13-3817433 |
|-----------------|--|---|--------------------------------------|---|--|--------------------------------------|
| C.O.D. INCOME | | | | 107,972 | | |
| COD INCOME POC | | | | | | |
| CONSULTING FEES | 55,660 | | | | | |
| POC | 107,972 | | | | | |
| Total | 163,632 | 0 | 0 | 107,972 | 0 | 0 |

Federal Statements
ENERGY MERCHANT CORP
AND SUBSIDIARIES

Statement 1 (continued)
Form 1120, Line 10
Other Income

| | Total | Eliminations | Adjustments | Consolidated |
|-----------------|---------|--------------|-------------|--------------|
| C.O.D. INCOME | 107,972 | | | 107,972 |
| COD INCOME POC | 0 | 107,972 | | -107,972 |
| CONSULTING FEES | 55,660 | | | 55,660 |
| POC | 107,972 | | | 107,972 |
| Total | 271,604 | 107,972 | 0 | 163,632 |

Federal Statements
ENERGY MERCHANT CORP
AND SUBSIDIARIES

Statement 2
Form 1120, Line 26
Other Deductions

| | ENERGY
MERCHANT
CORP
13-3855623 | ENERGY
MERCHANT
HOLDING
13-4104912 | EMC
CAPITAL
CORP
51-0383350 | POWERINE
OIL
COMPANY
954564080 | ANGLO
PETROLEUM
CORPORATIO
95-4059009 | CORPORATE
DEVELOPME
13-3817433 |
|-------------------------|--|---|--------------------------------------|---|--|--------------------------------------|
| Accounting | 5,416 | | | | | |
| Auto and Truck | | | 9,199 | | | |
| Bank Charges | 6,632 | | 18 | | | |
| CONSULTANTS | 407,645 | | | | | |
| Dues and Subscriptions | 3,740 | | 60,913 | | | |
| EMC | | | | 107,972 | | |
| Insurance | 78,016 | | 1,024 | | | |
| Laundry and Cleaning | 3,390 | | | | | |
| Legal and Professional | 595,981 | | 17,827 | | | |
| Management Fees | | | | | | |
| Meals and Entertainment | 101,311 | | 31,047 | | | |
| Miscellaneous | 22,625 | | | | | |
| Net Loss from K-1 | | 9,517,944 | | | | |
| Office Expense | 44,358 | | | | | |
| Postage | 3,709 | | | | | |
| Supplies | 15,910 | | | | | |
| Telephone | 31,405 | | 4,900 | | | |
| Travel | 252,861 | | | | | |
| Utilities | 9,936 | | | | | |
| Total | <u>1,583,135</u> | <u>9,517,944</u> | <u>124,928</u> | <u>107,972</u> | <u>0</u> | <u>0</u> |

Federal Statements
ENERGY MERCHANT CORP
AND SUBSIDIARIESStatement 2 (continued)
Form 1120, Line 26
Other Deductions

| | Total | Eliminations | Adjustments | Consolidated |
|-------------------------|------------|--------------|-------------|--------------|
| Accounting | 5,416 | | | 5,416 |
| Auto and Truck | 9,199 | | | 9,199 |
| Bank Charges | 6,650 | | | 6,650 |
| CONSULTANTS | 407,845 | | | 407,845 |
| Dues and Subscriptions | 64,653 | | | 64,653 |
| EMC | 107,972 | | | 107,972 |
| Insurance | 79,040 | | | 79,040 |
| Laundry and Cleaning | 3,390 | | | 3,390 |
| Legal and Professional | 613,808 | | | 613,808 |
| Management Fees | 0 | 107,972 | | -107,972 |
| Meals and Entertainment | 132,358 | | | 132,358 |
| Miscellaneous | 22,625 | | | 22,625 |
| Net Loss from K-1 | 9,517,944 | | | 9,517,944 |
| Office Expense | 44,358 | | | 44,358 |
| Postage | 3,709 | | | 3,709 |
| Supplies | 15,910 | | | 15,910 |
| Telephone | 36,305 | | | 36,305 |
| Travel | 252,861 | | | 252,861 |
| Utilities | 9,936 | | | 9,936 |
| Total | 11,333,979 | 107,972 | 0 | 11,226,007 |

ENERGY MERCHANT CORP
AND SUBSIDIARIES

13-3855623

Statement 3
Form 1120, Schedule E, Line 1
Officer Schedule

| Name of Officer | SSN | % Time
Devoted to
Business | Common
Stock % | Pref'd
Stock % | Compensation |
|-----------------------------------|-------------|----------------------------------|-------------------|-------------------|----------------------|
| ENERGY MERCHANT CORP - 13-3855623 | | | | | |
| SIEGFRIED HODAPP | 106-52-9250 | 90 | 54.00 | 0.00 | \$ 983,000 |
| MICHAEL CORNISH | 101-58-5760 | 10 | 0.00 | 0.00 | 0 |
| DANIEL LASMAN | 023-44-1586 | 75 | 0.00 | 0.00 | 500,000 |
| VINCENT PAPA | 070-38-3201 | 90 | 1.00 | 0.00 | 675,000 |
| ROBERT WENOM | 500-46-1850 | 90 | 2.00 | 0.00 | 237,891 |
| EMC CAPITAL CORP - 51-0383350 | | | | | |
| MICHAEL CORNISH | 101-58-5760 | 95 | 0.00 | 0.00 | 9,708,541 |
| | | | Total | | <u>\$ 12,104,432</u> |

Statement 4
Form 1120, Schedule K, Line 3
Ownership of 50% or More of Domestic Corporation

Corporation Name : POWERINE OIL COMPANY
 ID Number : 95-4564080
 Percentage Owned : 100.00%
 Taxable Income : 107,972
 Owned By : ENERGY MERCHANT CORP

Corporation Name : ENERGY MERCHANT HOLDING INC
 ID Number : 13-4104912
 Percentage Owned : 100.00%
 Taxable Income :
 Owned By : ENERGY MERCHANT CORP

Corporation Name : EMC CAPITAL CORP
 ID Number : 51-0383350
 Percentage Owned : 100.00%
 Taxable Income : 26,409,829
 Owned By : ENERGY MERCHANT HOLDING INC

Statement 5
Form 1120, Schedule K, Line 5
50% or More Owners

Name : SIEGFRIED HODAPP
 ID Number : 106-52-9250
 Percentage Owned : 54.00%

Name : SIEGFRIED HODAPP

2000

Federal Statements
ENERGY MERCHANT CORP
AND SUBSIDIARIES

Page 6

13-3855623

Statement 5 (continued)
Form 1120, Schedule K, Line 5
50% or More Owners

ID Number : 106529250
Percentage Owned : 68.00%

Federal Statements
ENERGY MERCHANT CORP
AND SUBSIDIARIES

Statement 6
Form 1120, Schedule L, Line 6
Other Current Assets

| | ENERGY
MERCHANT
CORP
13-3855623 | ENERGY
MERCHANT
HOLDING
13-4104912 | EMC
CAPITAL
CORP
51-0383350 | POWERINE
OIL
COMPANY
954564080 | ANGLO
PETROLEUM
CORPORATIO
95-4059009 | CORPORATE
DEVELOPME
13-3817433 |
|-----------------------|--|---|--------------------------------------|---|--|--------------------------------------|
| Beginning: | | | | | | |
| ACCRUED INTEREST | 149,975 | | 15,386 | | | |
| ADVEST STOCKS & BONDS | 10,219,776 | | | | | |
| DUE FROM AFFILIATES | 1,236,863 | | | 914,315 | | |
| OTHER RECEIVABLES | 80,000 | | | 466,307 | | |
| PIONEER | | | 212,446 | | | |
| Prepaid State Tax | | | | 91,924 | | |
| REFCO | | | 640,327 | | | |
| STK PURCHASE ESCROW | 900,000 | | | | | |
| STONE | | | 1,179,290 | | | |
| WCC PENN OCTANE | 660,001 | | | | | |
| Total | 13,246,615 | 0 | 2,047,449 | 1,472,546 | 0 | 0 |

| | ENERGY
MERCHANT
CORP
13-3855623 | ENERGY
MERCHANT
HOLDING
13-4104912 | EMC
CAPITAL
CORP
51-0383350 | POWERINE
OIL
COMPANY
954564080 | ANGLO
PETROLEUM
CORPORATIO
95-4059009 | CORPORATE
DEVELOPME
13-3817433 |
|-----------------------|--|---|--------------------------------------|---|--|--------------------------------------|
| Ending: | | | | | | |
| ACCRUED INTEREST | | | 331,857 | | | |
| ADVEST STOCKS & BONDS | 9,233,836 | | 1,918,400 | | | |
| DUE FROM AFFILIATES | 11,064,783 | | | 882,544 | | |
| OTHER RECEIVABLES | 2,419,783 | | | 466,307 | | |
| PIONEER | | | 971,257 | | | |
| Prepaid State Tax | 76,201 | | | | | |
| REFCO | | | 160,605 | | | |
| STONE | | | 4,976,044 | | | |
| WCC PENN OCTANE | 327,500 | | | | | |
| Total | 23,122,103 | 0 | 8,358,163 | 1,348,851 | 0 | 0 |

Federal Statements
ENERGY MERCHANT CORP
AND SUBSIDIARIES

Statement 6 (continued)
Form 1120, Schedule L, Line 6
Other Current Assets

| | <u>Total</u> | <u>Eliminations</u> | <u>Adjustments</u> | <u>Consolidated</u> |
|-----------------------|-------------------|---------------------|--------------------|---------------------|
| Beginning: | | | | |
| ACCRUED INTEREST | 165,381 | | | 165,381 |
| ADVEST STOCKS & BONDS | 10,219,776 | | | 10,219,776 |
| DUE FROM AFFILIATES | 2,151,178 | 3,065,494 | | -914,316 |
| OTHER RECEIVABLES | 546,307 | | | 546,307 |
| PIONEER | 212,446 | | | 212,446 |
| Prepaid State Tax | 91,924 | | | 91,924 |
| REFCO | 640,327 | | | 640,327 |
| STK PURCHASE ESCROW | 900,000 | | | 900,000 |
| STONE | 1,179,290 | | | 1,179,290 |
| WCC PENN OCTANE | 660,001 | | | 660,001 |
| Total | <u>16,766,610</u> | <u>3,065,494</u> | <u>0</u> | <u>13,701,116</u> |

| | <u>Total</u> | <u>Eliminations</u> | <u>Adjustments</u> | <u>Consolidated</u> |
|-----------------------|-------------------|---------------------|--------------------|---------------------|
| Ending: | | | | |
| ACCRUED INTEREST | 331,857 | | | 331,857 |
| ADVEST STOCKS & BONDS | 11,150,236 | | | 11,150,236 |
| DUE FROM AFFILIATES | 11,947,327 | 9,932,608 | | 2,014,719 |
| OTHER RECEIVABLES | 2,886,090 | | | 2,886,090 |
| PIONEER | 971,257 | | | 971,257 |
| Prepaid State Tax | 76,201 | | | 76,201 |
| REFCO | 160,605 | | | 160,605 |
| STONE | 4,976,044 | | | 4,976,044 |
| WCC PENN OCTANE | 327,500 | | | 327,500 |
| Total | <u>32,827,117</u> | <u>9,932,608</u> | <u>0</u> | <u>22,894,509</u> |

Federal Statements
ENERGY MERCHANT CORP
AND SUBSIDIARIES

13-3855623

Statement 7
Form 1120, Schedule L, Line 7
Loans to Shareholders

| | ENERGY
MERCHANT
CORP
13-3855623 | ENERGY
MERCHANT
HOLDING
13-4104912 | EMC
CAPITAL
CORP
51-0383350 | POWERINE
OIL
COMPANY
954564080 | ANGLO
PETROLEUM
CORPORATIO
95-4059009 | CORPORATE
DEVELOPME
13-3817433 |
|------------|--|---|--------------------------------------|---|--|--------------------------------------|
| Beginning: | | | | | | |
| EMC | | | | | 100 | 100 |
| Total | 0 | 0 | 0 | 0 | 100 | 100 |

| | ENERGY
MERCHANT
CORP
13-3855623 | ENERGY
MERCHANT
HOLDING
13-4104912 | EMC
CAPITAL
CORP
51-0383350 | POWERINE
OIL
COMPANY
954564080 | ANGLO
PETROLEUM
CORPORATIO
95-4059009 | CORPORATE
DEVELOPME
13-3817433 |
|---------|--|---|--------------------------------------|---|--|--------------------------------------|
| Ending: | | | | | | |
| EMC | | | | | 100 | 100 |
| Total | 0 | 0 | 0 | 0 | 100 | 100 |

Federal Statements
ENERGY MERCHANT CORP
AND SUBSIDIARIES

Statement 7 (continued)
Form 1120, Schedule L, Line 7
Loans to Shareholders

| | Total | Eliminations | Adjustments | Consolidated |
|------------|-------|--------------|-------------|--------------|
| Beginning: | | | | |
| EMC | 200 | | | 200 |
| Total | 200 | 0 | 0 | 200 |

| | Total | Eliminations | Adjustments | Consolidated |
|---------|-------|--------------|-------------|--------------|
| Ending: | | | | |
| EMC | 200 | | | 200 |
| Total | 200 | 0 | 0 | 200 |

Federal Statements
ENERGY MERCHANT CORP
AND SUBSIDIARIES

Statement 8
Form 1120, Schedule L, Line 9
Other Investments

| | ENERGY
MERCHANT
CORP
13-3855623 | ENERGY
MERCHANT
HOLDING
13-4104912 | EMC
CAPITAL
CORP
51-0383350 | POWERINE
OIL
COMPANY
954564080 | ANGLO
PETROLEUM
CORPORATIO
95-4059009 | CORPORATE
DEVELOPME
13-3817433 |
|-----------------------------|--|---|--------------------------------------|---|--|--------------------------------------|
| Beginning: | | | | | | |
| DESIGN-ARCHITECTURE.COM | 250,000 | | | | | |
| EM LLC | | 10,146,378 | | | | |
| EMC CAPITAL CORP | | -103,728 | | | | |
| EMC HANDLES GMBH | 135,816 | | | | | |
| EMH INC | 10,142,650 | | | | | |
| EMS LLC - SPC | | 100,000 | | | | |
| INVESTMENTS IN SUBSIDIARIES | | | | | | |
| PMG - CASTLE ENERGY CORP | 663,650 | | | | | |
| POWERINE OIL COMPANY | 1,000,000 | | | | | |
| Total | 12,192,116 | 10,142,650 | 0 | 0 | 0 | 0 |

| | ENERGY
MERCHANT
CORP
13-3855623 | ENERGY
MERCHANT
HOLDING
13-4104912 | EMC
CAPITAL
CORP
51-0383350 | POWERINE
OIL
COMPANY
954564080 | ANGLO
PETROLEUM
CORPORATIO
95-4059009 | CORPORATE
DEVELOPME
13-3817433 |
|----------------------------|--|---|--------------------------------------|---|--|--------------------------------------|
| Ending: | | | | | | |
| DESIGN-ARCHITECTURE.COM | 250,000 | | | | | |
| EM LLC | | 9,392,828 | | | | |
| EMC CAPITAL CORP | | -693,900 | | | | |
| EMC HANDLES GMBH | 218,388 | | | | | |
| EMH INC | 8,508,621 | | | | | |
| EMS LLC - SPC | | 100,000 | | | | |
| INVESTMENT IN SUBSIDIARIES | | | | | | |
| POWERINE OIL COMPANY | 1,000,000 | | | | | |
| WT LLC | | -290,307 | | | | |
| Total | 9,977,009 | 8,508,621 | 0 | 0 | 0 | 0 |

Federal Statements
ENERGY MERCHANT CORP
AND SUBSIDIARIES

Statement 8 (continued)
Form 1120, Schedule L, Line 9
Other Investments

| | <u>Total</u> | <u>Eliminations</u> | <u>Adjustments</u> | <u>Consolidated</u> |
|-----------------------------|-------------------|---------------------|--------------------|---------------------|
| Beginning: | | | | |
| DESIGN-ARCHITECTURE.COM | 250,000 | | | 250,000 |
| EM LLC | 10,146,378 | | | 10,146,378 |
| EMC CAPITAL CORP | -103,728 | | | -103,728 |
| EMC HANDLES GMBH | 135,816 | | | 135,816 |
| EMH INC | 10,142,650 | | | 10,142,650 |
| EMS LLC - SPC | 100,000 | | | 100,000 |
| INVESTMENTS IN SUBSIDIARIES | 0 | 11,038,922 | | -11,038,922 |
| PMG - CASTLE ENERGY CORP | 663,650 | | | 663,650 |
| POWERINE OIL COMPANY | 1,000,000 | | | 1,000,000 |
| Total | <u>22,334,766</u> | <u>11,038,922</u> | <u>0</u> | <u>11,295,844</u> |

| | <u>Total</u> | <u>Eliminations</u> | <u>Adjustments</u> | <u>Consolidated</u> |
|----------------------------|-------------------|---------------------|--------------------|---------------------|
| Ending: | | | | |
| DESIGN-ARCHITECTURE.COM | 250,000 | | | 250,000 |
| EM LLC | 9,392,828 | | | 9,392,828 |
| EMC CAPITAL CORP | -693,900 | | | -693,900 |
| EMC HANDLES GMBH | 218,388 | | | 218,388 |
| EMH INC | 8,508,621 | | | 8,508,621 |
| EMS LLC - SPC | 100,000 | | | 100,000 |
| INVESTMENT IN SUBSIDIARIES | 0 | 8,814,721 | | -8,814,721 |
| POWERINE OIL COMPANY | 1,000,000 | | | 1,000,000 |
| WT LLC | -290,307 | | | -290,307 |
| Total | <u>18,485,630</u> | <u>8,814,721</u> | <u>0</u> | <u>9,670,909</u> |

Federal Statements
ENERGY MERCHANT CORP
AND SUBSIDIARIES

Statement 9
Form 1120, Schedule L, Line 14
Other Assets

| | ENERGY
MERCHANT
CORP
13-3855623 | ENERGY
MERCHANT
HOLDING
13-4104912 | EMC
CAPITAL
CORP
51-0383350 | POWERINE
OIL
COMPANY
954564080 | ANGLO
PETROLEUM
CORPORATIO
95-4059009 | CORPORATE
DEVELOPME
13-3817433 |
|------------|--|---|--------------------------------------|---|--|--------------------------------------|
| Beginning: | | | | | | |
| DEPOSITS | 95,000 | | | | | |
| Total | 95,000 | 0 | 0 | 0 | 0 | 0 |

| | ENERGY
MERCHANT
CORP
13-3855623 | ENERGY
MERCHANT
HOLDING
13-4104912 | EMC
CAPITAL
CORP
51-0383350 | POWERINE
OIL
COMPANY
954564080 | ANGLO
PETROLEUM
CORPORATIO
95-4059009 | CORPORATE
DEVELOPME
13-3817433 |
|----------|--|---|--------------------------------------|---|--|--------------------------------------|
| Ending: | | | | | | |
| DEPOSITS | 60,000 | | | | | |
| Total | 60,000 | 0 | 0 | 0 | 0 | 0 |

Federal Statements
ENERGY MERCHANT CORP
AND SUBSIDIARIES

Statement 9 (continued)
Form 1120, Schedule L, Line 14
Other Assets

| | Total | Eliminations | Adjustments | Consolidated |
|------------|--------|--------------|-------------|--------------|
| Beginning: | | | | |
| DEPOSITS | 95,000 | | | 95,000 |
| Total | 95,000 | 0 | 0 | 95,000 |

| | Total | Eliminations | Adjustments | Consolidated |
|----------|--------|--------------|-------------|--------------|
| Ending: | | | | |
| DEPOSITS | 60,000 | | | 60,000 |
| Total | 60,000 | 0 | 0 | 60,000 |

Federal Statements
ENERGY MERCHANT CORP
AND SUBSIDIARIES

Statement 10
Form 1120, Schedule L, Line 18
Other Current Liabilities

| | ENERGY
MERCHANT
CORP
13-3855623 | ENERGY
MERCHANT
HOLDING
13-4104912 | EMC
CAPITAL
CORP
51-0383350 | POWERINE
OIL
COMPANY
954564080 | ANGLO
PETROLEUM
CORPORATIO
95-4059009 | CORPORATE
DEVELOPME
13-3817433 |
|----------------------|--|---|--------------------------------------|---|--|--------------------------------------|
| Beginning: | | | | | | |
| ACCRUED EXPENSES | 602,013 | | | | | |
| ACCRUED INCOME CENCO | | | | 466,307 | | |
| ASSIGNED PAYABLES | | | | 3,453,293 | | |
| DUE TO AFFILIATES | 7,781,684 | | 2,151,178 | | | |
| ENVIRONMENTAL TAXES | | | | 343,939 | | |
| Federal Tax Payable | 980,255 | | | | | |
| State Tax Payable | 653,049 | | | | | |
| Total | 10,017,001 | 0 | 2,151,178 | 4,263,539 | 0 | 0 |

| | ENERGY
MERCHANT
CORP
13-3855623 | ENERGY
MERCHANT
HOLDING
13-4104912 | EMC
CAPITAL
CORP
51-0383350 | POWERINE
OIL
COMPANY
954564080 | ANGLO
PETROLEUM
CORPORATIO
95-4059009 | CORPORATE
DEVELOPME
13-3817433 |
|----------------------|--|---|--------------------------------------|---|--|--------------------------------------|
| Ending: | | | | | | |
| ACCRUED EXPENSES | 10,183,205 | | | | | |
| ACCRUED INCOME CENCO | | | | 466,307 | | |
| ASSIGNED PAYABLES | | | | 3,340,023 | | |
| DUE TO AFFILIATES | 1,167,210 | | 9,050,063 | | | |
| ENVIRONMENTAL TAXES | | | | 349,237 | | |
| Total | 11,350,415 | 0 | 9,050,063 | 4,155,567 | 0 | 0 |

Federal Statements
ENERGY MERCHANT CORP
AND SUBSIDIARIES

Statement 10 (continued)
Form 1120, Schedule L, Line 18
Other Current Liabilities

| | <u>Total</u> | <u>Eliminations</u> | <u>Adjustments</u> | <u>Consolidated</u> |
|----------------------|-------------------|---------------------|--------------------|---------------------|
| Beginning: | | | | |
| ACCRUED EXPENSES | 602,013 | | | 602,013 |
| ACCRUED INCOME CENCO | 466,307 | | | 466,307 |
| ASSIGNED PAYABLES | 3,453,293 | | | 3,453,293 |
| DUE TO AFFILIATES | 9,932,862 | 3,065,494 | | 6,867,368 |
| ENVIRONMENTAL TAXES | 343,939 | | | 343,939 |
| Federal Tax Payable | 980,255 | | | 980,255 |
| State Tax Payable | 653,049 | | | 653,049 |
| Total | <u>16,431,718</u> | <u>3,065,494</u> | <u>0</u> | <u>13,366,224</u> |

| | <u>Total</u> | <u>Eliminations</u> | <u>Adjustments</u> | <u>Consolidated</u> |
|----------------------|-------------------|---------------------|--------------------|---------------------|
| Ending: | | | | |
| ACCRUED EXPENSES | 10,183,205 | | | 10,183,205 |
| ACCRUED INCOME CENCO | 466,307 | | | 466,307 |
| ASSIGNED PAYABLES | 3,340,023 | | | 3,340,023 |
| DUE TO AFFILIATES | 10,217,273 | 9,932,608 | | 284,665 |
| ENVIRONMENTAL TAXES | 349,237 | | | 349,237 |
| Total | <u>24,556,045</u> | <u>9,932,608</u> | <u>0</u> | <u>14,623,437</u> |

[illegible]

Federal Statements
ENERGY MERCHANT CORP
AND SUBSIDIARIES

Statement 11 (continued)
Form 1120, Schedule L, Line 21
Other Liabilities

| | <u>Total</u> | <u>Eliminations</u> | <u>Adjustments</u> | <u>Consolidated</u> |
|-----------------|-------------------|---------------------|--------------------|---------------------|
| Beginning: | | | | |
| DEFERRED TAXES | 2,800,000 | | | 2,800,000 |
| EPA LIABILITIES | <u>8,487,170</u> | | | <u>8,487,170</u> |
| Total | <u>11,287,170</u> | <u>0</u> | <u>0</u> | <u>11,287,170</u> |

| | <u>Total</u> | <u>Eliminations</u> | <u>Adjustments</u> | <u>Consolidated</u> |
|-----------------|------------------|---------------------|--------------------|---------------------|
| Ending: | | | | |
| EPA LIABILITIES | <u>8,487,170</u> | | | <u>8,487,170</u> |
| Total | <u>8,487,170</u> | <u>0</u> | <u>0</u> | <u>8,487,170</u> |

Federal Statements
ENERGY MERCHANT CORP
AND SUBSIDIARIES

Statement 12
Form 1120, Schedule M-1, Line 4
Taxable Income Not on Books

| | ENERGY
MERCHANT
CORP
13-3855623 | ENERGY
MERCHANT
HOLDING
13-4104912 | EMC
CAPITAL
CORP
51-0383350 | POWERINE
OIL
COMPANY
954584080 | ANGLO
PETROLEUM
CORPORATIO
95-4059009 | CORPORATE
DEVELOPME
13-3817433 |
|-------------------------------|--|---|--------------------------------------|---|--|--------------------------------------|
| 1999 UNREALIZED CAPITAL GAINS | 661,311 | | | | | |
| Total | 661,311 | 0 | 0 | 0 | 0 | 0 |

Statement 12 (continued)
Form 1120, Schedule M-1, Line 4
Taxable Income Not on Books

| | Total | Eliminations | Adjustments | Consolidated |
|-------------------------------|----------------|--------------|-------------|----------------|
| 1999 UNREALIZED CAPITAL GAINS | <u>661,311</u> | <u></u> | <u></u> | <u>661,311</u> |
| Total | <u>661,311</u> | <u>0</u> | <u>0</u> | <u>661,311</u> |

Federal Statements
ENERGY MERCHANT CORP
AND SUBSIDIARIES

Statement 13
Form 1120, Schedule M-1, Line 5
Book Expenses Not Deducted

| | ENERGY
MERCHANT
CORP
13-3855623 | ENERGY
MERCHANT
HOLDING
13-4104912 | EMC
CAPITAL
CORP
51-0383350 | POWERINE
OIL
COMPANY
954564080 | ANGLO
PETROLEUM
CORPORATIO
95-4059008 | CORPORATE
DEVELOPME
13-3817433 |
|----------------------|--|---|--------------------------------------|---|--|--------------------------------------|
| OFFICER COMPENSATION | 397,000 | | | | | |
| Total | 397,000 | 0 | 0 | 0 | 0 | 0 |

Federal Statements
ENERGY MERCHANT CORP
AND SUBSIDIARIES

Statement 13 (continued)
Form 1120, Schedule M-1, Line 5
Book Expenses Not Deducted

| | Total | Eliminations | Adjustments | Consolidated |
|----------------------|----------------|--------------|-------------|----------------|
| OFFICER COMPENSATION | <u>397,000</u> | <u></u> | <u></u> | <u>397,000</u> |
| Total | <u>397,000</u> | <u>0</u> | <u>0</u> | <u>397,000</u> |

Federal Statements
ENERGY MERCHANT CORP
AND SUBSIDIARIES

Statement 14
Form 1120, Schedule M-1, Line 7
Book Income Not on Return

| | ENERGY
MERCHANT
CORP
13-3855623 | ENERGY
MERCHANT
HOLDING
13-4104912 | EMC
CAPITAL
CORP
51-0383350 | POWERINE
OIL
COMPANY
954564080 | ANGLO
PETROLEUM
CORPORATIO
95-4059009 | CORPORATE
DEVELOPME
13-3817433 |
|-----------------------------|--|---|--------------------------------------|---|--|--------------------------------------|
| 2000 UNREALIZED GAINS | | | 177,193 | | | |
| REDUCTION IN DEFERRED TAXES | | | | 2,800,000 | | |
| UNREALIZED GAINS ON BONDS | | 15,179 | | | | |
| Total | 0 | 15,179 | 177,193 | 2,800,000 | 0 | 0 |

Federal Statements
ENERGY MERCHANT CORP
AND SUBSIDIARIES

Statement 14 (continued)
Form 1120, Schedule M-1, Line 7
Book Income Not on Return

| | Total | Eliminations | Adjustments | Consolidated |
|-----------------------------|-----------|--------------|-------------|--------------|
| 2000 UNREALIZED GAINS | 177,193 | | | 177,193 |
| REDUCTION IN DEFERRED TAXES | 2,800,000 | | | 2,800,000 |
| UNREALIZED GAINS ON BONDS | 15,179 | | | 15,179 |
| Total | 2,992,372 | 0 | 0 | 2,992,372 |

Federal Statements
ENERGY MERCHANT CORP
AND SUBSIDIARIES

Statement 15
Form 1120, Schedule M-1, Line 8
Deductions Not on Books

| | ENERGY
MERCHANT
CORP
13-3855623 | ENERGY
MERCHANT
HOLDING
13-4104912 | EMC
CAPITAL
CORP
51-0383350 | POWERINE
OIL
COMPANY
954564080 | ANGLO
PETROLEUM
CORPORATIO
95-4059009 | CORPORATE
DEVELOPME
13-3817433 |
|--------------------------------|--|---|--------------------------------------|---|--|--------------------------------------|
| 1999 UNREALIZED CAPITAL LOSSES | 170,207 | | | | | |
| AUDIT ACCRUALS | | 15,913 | | | | |
| BASIS ADJUSTMENT ON SALES | 12,711 | | | | | |
| OFFICER COMPENSATION | 250,000 | | | | | |
| Total | 432,918 | 15,913 | 0 | 0 | 0 | 0 |

Federal Statements
ENERGY MERCHANT CORP
AND SUBSIDIARIES

Statement 15 (continued)
Form 1120, Schedule M-1, Line 8
Deductions Not on Books

| | Total | Eliminations | Adjustments | Consolidated |
|--------------------------------|---------|--------------|-------------|--------------|
| 1999 UNREALIZED CAPITAL LOSSES | 170,207 | | | 170,207 |
| AUDIT ACCRUALS | 15,913 | | | 15,913 |
| BASIS ADJUSTMENT ON SALES | 12,711 | | | 12,711 |
| OFFICER COMPENSATION | 250,000 | | | 250,000 |
| Total | 448,831 | 0 | 0 | 448,831 |

Form **1120** Department of the Treasury Internal Revenue Service
U.S. Corporation Income Tax Return 1999

Instructions are separate. See instructions for Paperwork Reduction Act Notice.

IRS use only — Do not write or staple in this space.

For calendar year 1999 or tax year beginning , 1999, ending

OMB No. 1545-0123

| | | | | |
|---|--|---|--|---|
| A Check if a:
1 Consolidated return (attach Form 851) <input checked="" type="checkbox"/> Use IRS label. Otherwise, please print or type.
2 Personal holding company (attach Schedule PH) <input type="checkbox"/>
3 Personal service corp (as defined in Regs Section 1.441-4T — see instructions) <input type="checkbox"/> | | Name
ENERGY MERCHANT CORPORATION
Number, Street, and Room or Suite Number (If a P.O. box, see instructions.)
126 EAST 56TH STREET, 33 FLOOR
City or Town State ZIP Code
NEW YORK NY 10022 | | B Employer Identification Number
13-3855623 |
| E Check applicable boxes: (1) <input type="checkbox"/> Initial return (2) <input type="checkbox"/> Final return (3) <input checked="" type="checkbox"/> Change of address | | D Total Assets (see instructions)
\$ 26,816,598. | | |

| | | | | | |
|--|---|-----------------------------|----------|-------------|-----------------|
| INCOME | 1 a Gross receipts or sales | b Less returns & allowances | | c Balance | 1 c |
| | 2 Cost of goods sold (Schedule A, line 8) | | | | 2 |
| | 3 Gross profit. Subtract line 2 from line 1c | | | | 3 |
| | 4 Dividends (Schedule C, line 19) | | | | 4 3,900. |
| | 5 Interest | | | | 5 1,225,142. |
| | 6 Gross rents | | | | 6 |
| | 7 Gross royalties | | | | 7 |
| | 8 Capital gain net income (attach Schedule D (Form 1120)) | | | | 8 6,056,690. |
| | 9 Net gain or (loss) from Form 4797, Part II, line 18 (attach Form 4797) | | | | 9 |
| | 10 Other income (see instructions — attach schedule) See Other Income Statement | | | | 10 3,144,332. |
| | 11 Total income. Add lines 3 through 10 | | | | 11 10,430,064. |
| DEDUCTIONS
FOR LIMITATIONS
SEE INSTRUCTIONS | 12 Compensation of officers (Schedule E, line 4) | | | | 12 2,213,710. |
| | 13 Salaries and wages (less employment credits) | | | | 13 399,527. |
| | 14 Repairs and maintenance | | | | 14 1,592. |
| | 15 Bad debts | | | | 15 |
| | 16 Rents | | | | 16 374,340. |
| | 17 Taxes and licenses | | | | 17 948,864. |
| | 18 Interest | | | | 18 265,937. |
| | 19 Charitable contributions (see instructions for 10% limitation) | | | | 19 1,500. |
| | 20 Depreciation (attach Form 4562) | 20 | 8,039. | | |
| | 21 Less depreciation claimed on Schedule A and elsewhere on return | 21 a | | | 21 b 8,039. |
| | 22 Depletion | | | | 22 |
| | 23 Advertising | | | | 23 10,175. |
| | 24 Pension, profit-sharing, etc. plans | | | | 24 |
| | 25 Employee benefit programs | | | | 25 52,336. |
| | 26 Other deductions (attach schedule) See Other Deductions Statement | | | | 26 1,652,208. |
| | 27 Total deductions. Add lines 12 through 26 | | | | 27 5,928,228. |
| | 28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11 | | | | 28 4,501,836. |
| TAX AND PAYMENTS | 29 Less: a Net operating loss (NOL) deduction (see instructions) | 29 a | 34,255. | | |
| | b Special deductions (Schedule C, line 20) | 29 b | 2,730. | | 29 c 36,985. |
| | 30 Taxable income. Subtract line 29c from line 28 | | | | 30 4,464,851. |
| | 31 Total tax (Schedule J, line 12) | | | | 31 1,213,339. |
| | 32 Payments: a 1998 overpayment credited to 1999 | 32 a | 395,290. | | |
| | b 1999 estimated tax payments | 32 b | | | |
| | c Less 1999 refund applied for on Form 4466 | 32 c | | d Bal | 32 d 395,290. |
| | e Tax deposited with Form 7004 | | | | 32 e 1,465,000. |
| | f Credit for tax paid on undistributed capital gains (attach Form 2439) | | | | 32 f |
| | g Credit for federal tax on fuels (attach Form 4136). See instructions | | | | 32 g |
| 33 Estimated tax penalty (see instructions). Check if Form 2220 is attached | | | | 33 | |
| 34 Tax due. If line 32h is smaller than the total of lines 31 and 33, enter amount owed | | | | 34 | |
| 35 Overpayment. If line 32h is larger than the total of lines 31 and 33, enter amount overpaid | | | | 35 648,128. | |
| 36 Enter amount of line 35 you want: Credited to 2000 estimated tax | | | 648,128. | Refunded | 36 |

| | | |
|--------------------------|--|---|
| Sign Here | Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge. | |
| | Signature of Officer <i>[Signature]</i> Date <i>9/14/00</i> Title <i>CEO</i> | |
| Paid Preparer's Use Only | Preparer's Signature <i>[Signature]</i> Date <i>9/14/00</i> Check if self-employed <input type="checkbox"/> | Preparer's SSN or PTIN <i>215-40-0062</i> |
| | Firm's Name (or yours if self-employed) and Address <i>KAWG & E PA BALTIMORE, MARYLAND 21204</i> | EIN <i>52-1003788</i> |
| | | ZIP Code <i>21204</i> |

Application for Automatic Extension of Time To File Corporation Income Tax Return

OMB No. 1545-0233

Name of corporation

Employer identification number

ENERGY MERCHANT CORPORATION

13-3855623


Number, street, and room or suite no. (if a P.O. box or outside the United States, see instructions.)


445 PARK AVENUE

City or town, state, and ZIP code


NEW YORK, NY 10022

Check type of return to be filed:

- | | | | | |
|---|--|--|---|---------------------------------------|
| <input checked="" type="checkbox"/> Form 1120 | <input type="checkbox"/> Form 1120-FSC | <input type="checkbox"/> Form 1120-ND | <input type="checkbox"/> Form 1120-REIT | <input type="checkbox"/> Form 1120-SF |
| <input type="checkbox"/> Form 1120-A | <input type="checkbox"/> Form 1120-H | <input type="checkbox"/> Form 1120-PC | <input type="checkbox"/> Form 1120-RIC | |
| <input type="checkbox"/> Form 1120-F | <input type="checkbox"/> Form 1120-L | <input type="checkbox"/> Form 1120-POL | <input type="checkbox"/> Form 1120S | |
- ☐ Form 990-C  **Note: Other 990 filers (i.e., Form 990, 990-EZ, 990-BL, 990-PF, and certain filers of Form 990-T (see instructions)) must use Form 2758 to request an extension of time to file.**
- ☐ Form 990-T

Form 1120-F filers: Check here if you do not have an office or place of business in the United States  ☐

1a I request an automatic 6-month (or, for certain foreign corporations, 3-month) extension of time

until **SEPTEMBER 15, 2000**, to file the income tax return of the corporation named above for  ☒ calendar

year **1999** or  tax year beginning _____, _____, and ending _____

b If this tax year is for less than 12 months, check reason:

- ☐ Initial return ☐ Final return ☐ Change in accounting period ☐ Consolidated return to be filed

2 If this application also covers subsidiaries to be included in a consolidated return, complete the following:

| Name and address of each member of the affiliated group | Employer identification number | Tax period |
|---|--------------------------------|------------|
| SEE STATEMENT 1 | | |
| CLIENT'S COPY | | |
| | | |
| | | |

| | |
|--|---|
| 3 Tentative tax | 3 1,860,290. |
| 4 Credits: | |
| a Overpayment credited from prior year | 4a 395,290. |
| b Estimated tax payments for the tax year | 4b |
| c Less refund for the tax year applied for on Form 4466 | 4c () Balance 4d 395,290. |
| e Credit for tax paid on undistributed capital gains (Form 2439) | 4e |
| f Credit for Federal tax on fuels (Form 4136) | 4f |
| 5 Total. Add lines 4d through 4f | 5 395,290. |
| 6 Balance due. Subtract line 5 from line 3. Deposit this amount electronically or with a Federal Tax Deposit (FTD) Coupon | 6 1,465,000. |

Signature. - Under penalties of perjury, I declare that I have been authorized by the above-named corporation to make this application, and to the best of my knowledge and belief, the statements made are true, correct, and complete.

(Signature of officer or agent)

(Title)

(Date)

FORM 7004

AFFILIATED GROUP INFORMATION

STATEMENT 1

| NAME AND ADDRESS OF EACH MEMBER OF AFFILIATED GROUP | EIN | TAX PERIOD |
|---|------------|------------------------|
| POWERINE OIL COMPANY
12345 LAKELAND ROAD
SANTA FE SPRINGS, CA 90670 | 95-4564080 | 01/01/99 -
12/31/99 |
| ENERGY MERCHANT CAPITAL CORP
445 PARK AVENUE
NEW YORK, NY 10022 | 51-0383350 | 01/01/99 -
12/31/99 |
| CORPORATE DEVELOPMENT, INC.
445 PARK AVENUE
NEW YORK, NY, 10022 | 13-3817433 | 01/01/99 -
12/31/99 |
| ANGLO PETROLEUM
12345 LAKELAND ROAD
SANTA FE SPRINGS, CA 90670 | 95-4059009 | 01/01/99 -
12/31/99 |
| ENERGY MERCHANT HOLDING
445 PARK AVENUE
NEW YORK, NY 10022 | 13-4104912 | 01/01/99 -
12/31/99 |
| ENERGY MERCHANT STORAGE
445 PARK AVENUE
NEW YORK, NY 10022 | | 01/01/99 -
12/31/99 |

1/1/2000

APPLIED FOR

APPLIED FOR

Schedule A Cost of Goods Sold (see instructions)

| | | |
|---|--|---|
| 1 | Inventory at beginning of year | 1 |
| 2 | Purchases | 2 |
| 3 | Cost of labor | 3 |
| 4 | Additional Section 263A costs (attach schedule) | 4 |
| 5 | Other costs (attach schedule) | 5 |
| 6 | Total. Add lines 1 through 5 | 6 |
| 7 | Inventory at end of year | 7 |
| 8 | Cost of goods sold. Subtract line 7 from line 6. Enter here and on line 2, page 1 | 8 |

9a Check all methods used for valuing closing inventory:

- (i) ☐ Cost as described in Regulations Section 1.471-3
(ii) ☒ Lower of cost or market as described in Regulations Section 1.471-4
(iii) ☐ Other (specify method used and attach explanation) _____

b Check if there was a writedown of subnormal goods as described in Regulations Section 1.471-2(c) ☐**c** Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ☐**d** If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO **9d** ☐**e** If property is produced or acquired for resale, do the rules of Section 263A apply to the corporation? ☐ Yes ☒ No**f** Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation ☐ Yes ☒ No**Schedule C Dividends and Special Deductions** (see instructions)

| | (a) Dividends received | (b) Percentage | (c) Special deductions (a) x (b) |
|----|--|----------------|----------------------------------|
| 1 | Dividends from less-than-20%-owned domestic corporations that are subject to the 70% deduction (other than debt-financed stock) | 70 | 2,730. |
| 2 | Dividends from 20%-or-more-owned domestic corporations that are subject to the 80% deduction (other than debt-financed stock) | 80 | |
| 3 | Dividends on debt-financed stock of domestic and foreign corporations (Section 246A) | | |
| 4 | Dividends on certain preferred stock of less-than-20%-owned public utilities | 42 | |
| 5 | Dividends on certain preferred stock of 20%-or-more-owned public utilities | 48 | |
| 6 | Dividends from less-than-20%-owned foreign corporations and certain FSCs that are subject to the 70% deduction | 70 | |
| 7 | Dividends from 20%-or-more-owned foreign corporations and certain FSCs that are subject to the 80% deduction | 80 | |
| 8 | Dividends from wholly owned foreign subsidiaries subject to the 100% deduction (Section 245(b)) | 100 | |
| 9 | Total. Add lines 1 through 8. See instructions for limitation | | 2,730. |
| 10 | Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958 | 100 | |
| 11 | Dividends from certain FSCs that are subject to the 100% deduction (Sec 245(c)(1)) | 100 | |
| 12 | Dividends from affiliated group members subject to the 100% ded (Section 243(a)(3)) | 100 | |
| 13 | Other dividends from foreign corporations not included on lines 3, 6, 7, 8, or 11 | | |
| 14 | Income from controlled foreign corporations under subpart F (attach Form(s) 5471) | | |
| 15 | Foreign dividend gross-up (Section 78) | | |
| 16 | IC-DISC and former DISC dividends not included on lines 1, 2, or 3 (Section 246(d)) | | |
| 17 | Other dividends | | |
| 18 | Deduction for dividends paid on certain preferred stock of public utilities | | |
| 19 | Total dividends. Add lines 1 through 17. Enter here and on line 4, page 1 | 3,900. | |
| 20 | Total special deductions. Add lines 9, 10, 11, 12, and 18. Enter here and on line 29b, page 1 | | 2,730. |

Schedule E Compensation of Officers (see instructions for line 12, page 1)**Note:** Complete Schedule E only if total receipts (line 1a plus lines 4 through 10 on page 1, Form 1120) are \$500,000 or more.

| 1 | (a) Name of officer | (b) Social security number | (c) Percent of time devoted to business | Percent of corporation stock owned | | (f) Amount of compensation |
|---|---|----------------------------|---|------------------------------------|---------------|----------------------------|
| | | | | (d) Common | (e) Preferred | |
| | SIEGFRIED HODAPP | 106-52-9250 | 100.0% | 75.0% | 0.0% | 1,042,317. |
| | MICHAEL CORNISH | 101-58-5760 | 100.0% | 0.0% | 0.0% | 750,016. |
| | VINCENT PAPA | 070-38-3201 | 100.0% | 1.0% | 0.0% | 285,769. |
| | ROBERT WENOM | 500-46-1850 | 100.0% | 2.0% | 0.0% | 135,608. |
| | See Officers' Compensation | | % | % | % | 0. |
| 2 | Total compensation of officers | | | | | 2,213,710. |
| 3 | Compensation of officers claimed on Schedule A and elsewhere on return | | | | | |
| 4 | Subtract line 3 from line 2. Enter the result here and on line 12, page 1 | | | | | 2,213,710. |

Schedule J Tax Computation (see instructions)

| | | |
|---|----------------|-------------------|
| 1 Check if the corporation is a member of a controlled group (see Sections 1561 and 1563) <input checked="" type="checkbox"/> X | | |
| Important: Members of a controlled group, see instructions. | | |
| 2a If the box on line 1 is checked, enter the corporation's share of the \$50,000, \$25,000, & \$9,925,000 taxable income brackets (in that order): | | |
| (1) \$ 50,000. | (2) \$ 25,000. | (3) \$ 9,925,000. |
| b Enter the corporation's share of: | | |
| (1) Additional 5% tax (not more than \$11,750) | | \$ 11,750. |
| (2) Additional 3% tax (not more than \$100,000) | | \$ |
| 3 Income tax. Check if a qualified personal service corporation under Section 448(d)(2) (see instructions) <input type="checkbox"/> | | 3 1,518,049. |
| 4a Foreign tax credit (attach Form 1118) | 4a | |
| b Possessions tax credit (attach Form 5735) | 4b | |
| c Check: <input type="checkbox"/> Nonconventional source fuel credit <input type="checkbox"/> QEV credit (attach Form 8834) | 4c | |
| d General business credit. Enter here and check which forms are attached: | | |
| <input type="checkbox"/> 3468 <input type="checkbox"/> 5884 <input type="checkbox"/> 6478 <input type="checkbox"/> 6765 <input type="checkbox"/> 8586 <input type="checkbox"/> 8830 <input type="checkbox"/> 8826 | | |
| <input type="checkbox"/> 8835 <input type="checkbox"/> 8844 <input type="checkbox"/> 8845 <input type="checkbox"/> 8846 <input type="checkbox"/> 8820 <input type="checkbox"/> 8847 <input type="checkbox"/> 8861 | 4d | |
| e Credit for prior year minimum tax (attach Form 8827) | 4e | 304,710. |
| 5 Total credits. Add lines 4a through 4e | 5 | 304,710. |
| 6 Subtract line 5 from line 3 | 6 | 1,213,339. |
| 7 Personal holding company tax (attach Schedule PH (Form 1120)) | 7 | |
| 8 Recapture taxes. Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 | 8 | |
| 9 Alternative minimum tax (attach Form 4626) | 9 | |
| 10 Add lines 6 through 9 | 10 | 1,213,339. |
| 11 Qualified zone academy bond credit (attach Form 8860) | 11 | |
| 12 Total tax. Subtract line 11 from line 10. Enter here and on line 31, page 1 | 12 | 1,213,339. |

Schedule K Other Information (see instructions)

| | | | | | |
|--|-----|----|---|-----|----|
| 1 Check method of accounting: a <input type="checkbox"/> Cash | Yes | No | 7 Was the corporation a U.S. shareholder of any controlled foreign corporation? (See Sections 951 and 957.) | Yes | No |
| b <input checked="" type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) ▶ | | | If 'Yes,' attach Form 5471 for each such corporation. | | X |
| 2 See the instructions and enter the: | | | Enter no. of Forms 5471 attached ▶ | | |
| a Business activity code no. ▶ 541990 | | | 8 At any time during the 1999 calendar year, did the corporation have an interest in or a signature or other authority over a financial account (such as a bank account, securities account, or other financial account) in a foreign country? | | X |
| b Business activity ▶ MANAGEMENT | | | If 'Yes,' the corporation may have to file Form TD F 90-22.1. | | |
| c Product or service ▶ ADVISORY SERVICES | | | If 'Yes,' enter name of foreign country ▶ | | |
| 3 At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see Section 267(c).) | X | | 9 During the tax year, did the corporation receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If 'Yes,' the corporation may have to file Form 3520 | | X |
| If 'Yes,' attach a schedule showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) taxable income or (loss) before NOL and special deductions of such corporation for the tax year ending with or within your tax year. | | | 10 At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of: (a) the total voting power of all classes of stock of the corporation entitled to vote, or (b) the total value of all classes of stock of the corporation? | | X |
| See Ques 3 Stmt | | | If 'Yes,' | | |
| 4 Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? | | X | a Enter percentage owned. ▶ | | |
| If 'Yes,' enter name and EIN of the parent corporation | | | b Enter owner's country ▶ | | |
| 5 At the end of the tax year, did any individual, partnership, corporation, estate or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see Section 267(c).) | X | | c The corporation may have to file Form 5472. Enter number of Forms 5472 attached ▶ | | |
| If 'Yes,' attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.) | | | 11 Check this box if the corporation issued publicly offered debt instruments with original issue discount. <input type="checkbox"/> | | |
| Enter % owned ▶ 75.00 See Ques 5 Stmt | | | If checked, the corporation may have to file Form 8281. | | |
| 6 During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See Sections 301 and 316.) | | X | 12 Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$ 0. | | |
| If 'Yes,' file Form 5452. If this is a consolidated return, answer here for the parent corporation and on Form 851, Affiliations Schedule, for each subsidiary. | | | 13 If there were 75 or fewer shareholders at the end of the tax year, enter the number ▶ 5 | | |
| | | | 14 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here <input type="checkbox"/> | | |
| | | | 15 Enter the available NOL carryover from prior tax years (Do not reduce it by any deduction on line 29a.) | | |
| | | | ▶ \$ 34,255. | | |

| Schedule L Balance Sheets per Books | | Beginning of tax year | | End of tax year | |
|--|--|-----------------------|-------------|-----------------|-------------|
| Assets | | (a) | (b) | (c) | (d) |
| 1 Cash | | | 267,767. | | 212,554. |
| 2a Trade notes and accounts receivable | | 0. | | 0. | |
| b Less allowance for bad debts | | | 0. | | 0. |
| 3 Inventories | | | 0. | | 0. |
| 4 U.S. government obligations | | | | | |
| 5 Tax-exempt securities (see instructions) | | | | | |
| 6 Other current assets (attach schedule) Ln. 6 Stmt | | | 1,019,636. | | 1,611,669. |
| 7 Loans to shareholders | | | 212,461. | | 0. |
| 8 Mortgage and real estate loans | | | | | |
| 9 Other investments (attach schedule) Ln. 9 Stmt | | | 10,848,134. | | 12,896,650. |
| 10a Buildings and other depreciable assets | | 12,303. | | 59,585. | |
| b Less accumulated depreciation | | 410. | 11,893. | 14,704. | 44,881. |
| 11a Depletable assets | | | | | |
| b Less accumulated depletion | | | | | |
| 12 Land (net of any amortization) | | | | | |
| 13a Intangible assets (amortizable only) | | | | | |
| b Less accumulated amortization | | | | | |
| 14 Other assets (attach schedule) Ln. 14 Stmt | | | 10,000,000. | | 12,050,844. |
| 15 Total assets | | | 22,359,891. | | 26,816,598. |
| Liabilities and Shareholders' Equity | | | | | |
| 16 Accounts payable | | | 4,792,742. | | 3,453,293. |
| 17 Mortgages, notes, bonds payable in less than 1 year | | | 0. | | 0. |
| 18 Other current liabilities (attach sch) Ln. 18 Stmt | | | 1,978,825. | | 3,710,118. |
| 19 Loans from shareholders | | | 50,000. | | 36,000. |
| 20 Mortgages, notes, bonds payable in 1 year or more | | | | | |
| 21 Other liabilities (attach schedule) Ln. 21 Stmt | | | 18,171,154. | | 18,918,854. |
| 22 Capital stock: a Preferred stock | | | | | |
| b Common stock | | 3,350,000. | 3,350,000. | 3,350,000. | 3,350,000. |
| 23 Additional paid-in capital | | | | | |
| 24 Retained earnings — Approp | | | | | |
| 25 Retained earnings — Unappropriated | | | -5,982,830. | | -2,651,667. |
| 26 Adjustments to shareholders' equity | | | | | |
| 27 Less cost of treasury stock | | | | | |
| 28 Total liabilities and shareholders' equity | | | 22,359,891. | | 26,816,598. |

Note: The corporation is not required to complete Schedules M-1 and M-2 if the total assets on line 15, column (d) of Schedule L are less than \$25,000.

| Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return (see instructions) | | | |
|--|------------|--|------------|
| 1 Net income (loss) per books | 3,331,163. | 7 Income recorded on books this year not included on this return (itemize): | |
| 2 Federal income tax | 1,213,339. | Tax-exempt interest \$ | 0. |
| 3 Excess of capital losses over capital gains | | See Ln 7 Stmt | 491,104. |
| 4 Income subject to tax not recorded on books this year (itemize): | | | 491,104. |
| 5 Expenses recorded on books this year not deducted on this return (itemize): | | 8 Deductions on this return not charged against book income this year (itemize): | |
| a Depreciation \$ | 6,255. | a Depreciation .. \$ | |
| b Contributions carryover .. \$ | | b Contribn carryover \$ | |
| c Travel & entertainment .. \$ | 53,100. | | |
| See Ln 5 Stmt | 389,083. | | |
| | 448,438. | 9 Add lines 7 and 8 | 491,104. |
| 6 Add lines 1 through 5 | 4,992,940. | 10 Income (line 28, page 1) — line 6 less line 9 | 4,501,836. |

| Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L) | | | |
|---|-------------|---|-------------|
| 1 Balance at beginning of year | -5,982,830. | 5 Distributions | a Cash |
| 2 Net income (loss) per books | 3,331,163. | b Stock | c Properly |
| 3 Other increases (itemize): | | 6 Other decreases (itemize): | |
| | | 7 Add lines 5 and 6 | |
| 4 Add lines 1, 2, and 3 | -2,651,667. | 8 Balance at end of year (line 4 less line 7) | -2,651,667. |

Schedule D
(Form 1120)

Department of the Treasury
Internal Revenue Service

Capital Gains and Losses

▶ Attach to Form 1120, 1120-A, 1120-F, 1120-FSC, 1120-H,
1120-IC-DISC, 1120-L, 1120-ND, 1120-PC, 1120-POL, 1120-REIT,
1120-RIC, 1120-SF, 990-C, or certain Forms 990-T.

OMB No. 1545-0123

1999

| | |
|--|---|
| Name
ENERGY MERCHANT CORPORATION | Employer Identification Number
13-3855623 |
|--|---|

Part I Short-Term Capital Gains and Losses — Assets Held One Year or Less

| (a)
Description of property
(Example, 100 shares of Z Co) | (b)
Date acquired
(month, day, year) | (c)
Date sold
(month, day, year) | (d)
Sales price
(see instructions) | (e)
Cost or other basis
(see instructions) | (f)
Gain or (loss)
(Subtract (e) from (d)) |
|--|--|--|--|--|--|
| 1 EMC SECURITY TRADING | | | 0. | 403,254. | -403,254. |
| EMCC COMMODITY TRADING | | | 7,134,307. | 0. | 7,134,307. |
| EML K-1 CAPITAL LOSS | | | 0. | 29,552. | -29,552. |
| Form 6781, Part I | | | | | -257,924. |
| 2 Short-term capital gain from installment sales from Form 6252, line 26 or 37 | | | | 2 | |
| 3 Short-term gain or (loss) from like-kind exchanges from Form 8824 | | | | 3 | |
| 4 Unused capital loss carryover (attach computation) | | | | 4 | |
| 5 Net short-term capital gain or (loss). Combine lines 1 through 4 | | | | 5 | 6,443,577. |

Part II Long-Term Capital Gains and Losses — Assets Held More Than One Year

| | | | | | |
|---|--|--|--|----|-----------|
| 6 Form 6781, Part I | | | | | -386,887. |
| 7 Enter gain from Form 4797, column (g), line 7 or 9 | | | | 7 | |
| 8 Long-term capital gain from installment sales from Form 6252, line 26 or 37 | | | | 8 | |
| 9 Long-term gain or (loss) from like-kind exchanges from Form 8824 | | | | 9 | |
| 10 Net long-term capital gain or (loss). Combine lines 6 through 9 | | | | 10 | -386,887. |

Part III Summary of Parts I and II

| | | |
|---|----|------------|
| 11 Enter excess of net short-term capital gain (line 5) over net long-term capital loss (line 10) | 11 | 6,056,690. |
| 12 Net capital gain. Enter excess of net long-term capital gain (line 10) over net short-term capital loss (line 5) | 12 | |
| 13 Add lines 11 and 12. Enter here and on Form 1120, page 1, line 8, or the proper line on other returns | 13 | 6,056,690. |

Note: If losses exceed gains, see **Capital losses** in the instructions.

BAA For Paperwork Reduction Act Notice, see the instructions for Forms 1120 and 1120-A.

Schedule D (Form 1120) 1999

Form **851**

(Rev August 1997)

Department of the Treasury
Internal Revenue Service**Affiliations Schedule**

► File with each consolidated income tax return

OMB No. 1545-0025

Tax year ending Dec 31, 1999

Common Parent Corporation

Employer Identification Number

ENERGY MERCHANT CORPORATION

13-3855623

Number, Street, and Room or Suite Number (If a P.O. box, see instructions.)

126 EAST 56TH STREET, 33 FLOOR

City or Town

State

ZIP Code

NEW YORK

NY

10022

Part I Prepayment Credits

| No. | Name and Address of Corporation | Employer Identification Number | Prepayment Credits | |
|---|---|--------------------------------|-----------------------------------|---|
| | | | Portion of Form 7004 Tax Deposits | Portion of Estimated Tax Credits and Deposits |
| 1 | Common parent corporation | | 1,465,000. | 395,290. |
| | Subsidiary corporations: | | | |
| 2 | ENERGY MERCHANT CAPITAL CORP
WILTON, CT 16897 | 51-0383350 | 0. | 0. |
| 3 | ENERGY MERCHANT HOLDING INC
NEW YORK, NY 10022 | 13-4104912 | 0. | 0. |
| 4 | POWERINE OIL COMPANY
SANTA FE SPRINGS, CA 90670 | 95-4564080 | 0. | 0. |
| 5 | CORPORATE DEVELOPMENT CORP
NEW YORK, NY 10022 | 13-3817433 | 0. | 0. |
| 6 | ANGLO PETROLEUM CORPORATION
SANTA FE SPRINGS, CA 90670 | 95-4059009 | 0. | 0. |
| 7 | | | | |
| 8 | | | | |
| 9 | | | | |
| 10 | | | | |
| Totals (must equal amounts shown on the consolidated tax return) | | | 1,465,000. | 395,290. |

Part II Voting Stock Information, Principal Business Activity, Etc (see instructions)

| No. | Principal Business Activity (PBA) | PBA Code Number | Did the Subsidiary Make Any Nondividend Distributions? (see instructions) | | Stock Holdings at Beginning of Year | | | |
|-----|-----------------------------------|-----------------|---|----|-------------------------------------|-------------------------|------------------|-----------------------------|
| | | | Yes | No | Number of Shares | Percent of Voting Power | Percent of Value | Owned by Corporation Number |
| 1 | Common parent corporation | 541990 | | | | | | |
| | Subsidiary corporations: | | | | | | | |
| 2 | ENERGY MERCHANT CAPITAL CORP | 523130 | | X | 100 | 100.00 % | 100.00 % | 1 |
| 3 | ENERGY MERCHANT HOLDING INC | 525990 | | X | 100 | 0.00 % | 0.00 % | 1 |
| 4 | POWERINE OIL COMPANY | 422700 | | X | 100 | 100.00 % | 100.00 % | 1 |
| 5 | CORPORATE DEVELOPMENT CORP | 525990 | | X | 100 | 100.00 % | 100.00 % | 1 |
| 6 | ANGLO PETROLEUM CORP | 422700 | | X | 100 | 100.00 % | 100.00 % | 1 |
| 7 | | | | | | % | % | |
| 8 | | | | | | % | % | |
| 9 | | | | | | % | % | |
| 10 | | | | | | % | % | |

Part III Changes in Stock Holdings During the Year (see instructions)

| Corporation | | | Change in Stock Holdings During the Year | | | | |
|-------------|-----------------------------|--|--|--------------------|--------------------------|---|---------------------|
| No. | Name | Stockholder
(Corporation
Number) | Date | (a) Changes | | (b) Shares Held After
Changes Described in
Column (a) | |
| | | | | Shares
Acquired | Shares
Disposed
of | Percent
of Voting
Power | Percent
of Value |
| 3 | ENERGY MERCHANT HOLDING INC | 1 | 12/07/99 | 100 | 0 | 100.00 % | 100.00 % |
| | | | | | | % | % |
| | | | | | | % | % |
| | | | | | | % | % |
| | | | | | | % | % |
| | | | | | | % | % |
| | | | | | | % | % |
| | | | | | | % | % |
| | | | | | | % | % |

Note: If additional stock was issued, or if any stock was retired during the year, show the dates and amounts for these transactions.

If the equitable owners of any capital stock shown above were other than the holders of record, give full details.

Part IV Additional Information (see instructions)

1 During the tax year, did the corporation have more than one class of stock outstanding?

| No. | Name | Answer to Question 1 | | If yes, list and describe each class of stock. |
|-----|------------------------------------|----------------------|----|--|
| | | Yes | No | |
| 1 | ENERGY MERCHANT CORPORATION | | X | |
| 2 | ENERGY MERCHANT CAPITAL CORP | | X | |
| 3 | ENERGY MERCHANT HOLDING INC | | X | |
| | See Additional Information, Item 1 | | | |

2 During the tax year, was there any member of the consolidated group that reaffiliated within 60 months of disaffiliation, or was there any member of the affiliated group that was deconsolidated under Rev Proc 91-11, 1991-1 CB 470 (as modified by Rev Proc 91-39, 1991-2 CB 694), Rev Proc 95-11, 1995-1 CB 505, or Rev Proc 95-39, 1995-2 CB 399?

| No. | Name | Answer to Question 2 | | If yes for any part of question 2, list and explain the circumstances. |
|-----|------------------------------------|----------------------|----|--|
| | | Yes | No | |
| 1 | ENERGY MERCHANT CORPORATION | | X | |
| 2 | ENERGY MERCHANT CAPITAL CORP | | X | |
| 3 | ENERGY MERCHANT HOLDING INC | | X | |
| | See Additional Information, Item 2 | | | |

3a During the tax year, was there any arrangement in existence by which one or more persons that were not members of the affiliated group could acquire any stock, or acquire any voting power without acquiring stock, in the corporation, other than a de minimis amount, from the corporation or another member of the affiliated group?

| No. | Name | Answer to Question 3a | | Item 3b
(see instructions) | Item 3c
(see instructions) | Item 3d
(see instructions) |
|-----|-------------------------------------|-----------------------|----|-------------------------------|-------------------------------|-------------------------------|
| | | Yes | No | | | |
| 1 | ENERGY MERCHANT CORPORATION | | X | % | % | % |
| 2 | ENERGY MERCHANT CAPITAL CORP | | X | % | % | % |
| 3 | ENERGY MERCHANT HOLDING INC | | X | % | % | % |
| | See Additional Information, Item 3a | | | % | % | % |

No. Item 3e - Description of arrangements.

Please
Sign
Here

Under penalties of perjury, I declare that I have examined this form, including accompanying statements, and to the best of my knowledge and belief, it is true, correct, and complete for the tax year as stated.

Signature of Officer

Date

Title

Form **1122**

(Rev December 1998)

Department of the Treasury
Internal Revenue Service**Authorization and Consent of Subsidiary Corporation
to be Included in a Consolidated Income Tax Return**

▶ For the first year a consolidated return is filed, this form must be attached for each subsidiary.

For the calendar year 1999, or other tax year beginning

and ending

Name

ENERGY MERCHANT HOLDING INC

Employer Identification Number

13-4104912

Number, Street, and Room or Suite Number

126 EAST 56TH ST, 33 FLOOR

City or Town

NEW YORK

State

ZIP Code

NY

10022

Name of Common Parent Corporation

ENERGY MERCHANT CORPORATION

Employer Identification Number

13-3855623

The subsidiary corporation named above authorizes its common parent corporation to include it in a consolidated return for the tax year indicated and for each later year the group must make a consolidated return under the regulations. If the parent corporation does not make a consolidated return on behalf of the subsidiary,

the subsidiary authorizes the Commissioner or District Director of Internal Revenue to do so.

The subsidiary consents to be bound by the provisions of the consolidated return regulations.

**Please
Sign
Here**

Under penalties of perjury, I declare that the subsidiary named above has authorized me to sign this form on its behalf, that I have examined this form, and the information contained herein, and to the best of my knowledge and belief, it is true, correct, and complete.

Signature of Officer

Date

Title

BAA

Form 1122 (Rev 12-98)

Depreciation and Amortization
(Including Information on Listed Property)

OMB No. 1545-0172

1999

67

Department of the Treasury
Internal Revenue Service (99)▶ See instructions.
▶ Attach this form to your return.

Name(s) Shown on Return

Business or Activity to Which This Form Relates

Identifying Number

ENERGY MERCHANT CORPORATION

Form 1120 Line 20

13-3855623

Part I Election to Expense Certain Tangible Property (Section 179)

(Note: If you have any "listed property," complete Part V before you complete Part I.)

| | | | |
|----|---|------------------------------|------------------|
| 1 | Maximum dollar limitation. If an enterprise zone business, see instructions | 1 | \$19,000. |
| 2 | Total cost of Section 179 property placed in service. See instructions | 2 | 4,979. |
| 3 | Threshold cost of Section 179 property before reduction in limitation | 3 | \$200,000. |
| 4 | Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0- | 4 | 0. |
| 5 | Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-; If married filing separately, see instructions | 5 | 4,979. |
| 6 | (a) Description of property | (b) Cost (business use only) | (c) Elected cost |
| | EML - COMPUTERS | 4,979. | 4,979. |
| 7 | Listed property. Enter amount from line 27 | 7 | 0. |
| 8 | Total elected cost of Section 179 property. Add amounts in column (c), lines 6 and 7 | 8 | 4,979. |
| 9 | Tentative deduction. Enter the smaller of line 5 or line 8 | 9 | 4,979. |
| 10 | Carryover of disallowed deduction from 1998. See instructions | 10 | |
| 11 | Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs) | 11 | 4,979. |
| 12 | Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11 | 12 | 4,979. |
| 13 | Carryover of disallowed deduction to 2000. Add lines 9 and 10, less line 12 | 13 | 0. |

Note: Do not use Part II or Part III below for listed property (automobiles, certain other vehicles, cellular telephones, certain computers, or property used for entertainment, recreation, or amusement). Instead, use Part V for listed property.

Part II MACRS Depreciation for Assets Placed in Service Only During Your 1999 Tax Year
(Do Not Include Listed Property)**Section A - General Asset Account Election**

- 14 If you are making the election under Section 168(f)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check this box. See instructions ☐

Section B - General Depreciation System (GDS) (See instructions)

| (a)
Classification of property | (b) Month and
year placed
in service | (c) Basis for depreciation
(business/investment use
only - see instructions) | (d)
Recovery period | (e)
Convention | (f)
Method | (g) Depreciation
deduction |
|-----------------------------------|--|--|------------------------|-------------------|---------------|-------------------------------|
| 15a 3-year property | | | | | | |
| b 5-year property | | | | | | |
| c 7-year property | | | | | | |
| d 10-year property | | | | | | |
| e 15-year property | | | | | | |
| f 20-year property | | | | | | |
| g 25-year property | | | 25 yrs | | S/L | |
| h Residential rental
property | | | 27.5 yrs | MM | S/L | |
| i Nonresidential real
property | | | 39 yrs | MM | S/L | |

Section C - Alternative Depreciation System (ADS) (See instructions)

| | | | | | | |
|----------------|--|--|--------|----|-----|--|
| 16a Class life | | | | | S/L | |
| b 12-year | | | 12 yrs | | S/L | |
| c 40-year | | | 40 yrs | MM | S/L | |

Part III Other Depreciation (Do Not Include Listed Property) (See instructions)

| | | | |
|----|--|----|----|
| 17 | GDS and ADS deductions for assets placed in service in tax years beginning before 1999 | 17 | 0. |
| 18 | Property subject to Section 168(f)(1) election | 18 | |
| 19 | ACRS and other depreciation | 19 | |

Part IV Summary (See instructions)

| | | | |
|----|--|----|--------|
| 20 | Listed property. Enter amount from line 25 | 20 | 3,060. |
| 21 | Total. Add deductions on line 12, lines 15 and 16 in column (g), and lines 17 through 20. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions | 21 | 8,039. |
| 22 | For assets shown above and placed in service during the current year, enter the portion of the basis attributable to Section 263A costs | 22 | |

Part V Listed Property – Automobiles, Certain Other Vehicles, Cellular Telephones, Certain Computers, and Property Used for Entertainment, Recreation, or Amusement

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 23a, 23b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A – Depreciation and Other Information (Caution: See instructions for limits for passenger automobiles.)

| 23a Do you have evidence to support the business/investment use claimed? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | | | | | | | | | 23b If 'Yes,' is the evidence written? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | |
|--|-------------------------------|---|----------------------------|--|------------------------|--------------------------|-------------------------------|---------------------------------|--|--------|
| (a)
Type of property (list vehicles first) | (b)
Date placed in service | (c)
Business/investment use percentage | (d)
Cost or other basis | (e)
Basis for depreciation (business/investment use only) | (f)
Recovery period | (g)
Method/Convention | (h)
Depreciation deduction | (i)
Elected Section 179 cost | | |
| 24 Property used more than 50% in a qualified business use (see instructions): | | | | | | | | | | |
| 98 BMW 328i | 03/23/99 | 100.00 | 47,283. | 47,283. | 5.00 | 200DB/HY | 3,060. | 0. | | |
| 25 Property used 50% or less in a qualified business use (see instructions): | | | | | | | | | | |
| 26 Add amounts in column (h). Enter the total here and on line 20, page 1 | | | | | | | | | 26 | 3,060. |
| 27 Add amounts in column (i). Enter the total here and on line 7, page 1 | | | | | | | | | 27 | 0. |

Section B – Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other 'more than 5% owner,' or related person.

If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

| | (a)
Vehicle 1 | (b)
Vehicle 2 | (c)
Vehicle 3 | (d)
Vehicle 4 | (e)
Vehicle 5 | (f)
Vehicle 6 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| 28 Total business/investment miles driven during the year (Do not include commuting miles – see instructions) | 12,000 | | | | | |
| 29 Total commuting miles driven during the year | | | | | | |
| 30 Total other personal (noncommuting) miles driven | | | | | | |
| 31 Total miles driven during the year. Add lines 28 through 30 | 12,000 | | | | | |
| | Yes | No | Yes | No | Yes | No |
| 32 Was the vehicle available for personal use during off-duty hours? | X | | | | | |
| 33 Was the vehicle used primarily by a more than 5% owner or related person? | X | | | | | |
| 34 Is another vehicle available for personal use? | X | | | | | |

Section C – Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons.

| | Yes | No |
|---|-----|----|
| 35 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees? | | X |
| 36 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See instructions for vehicles used by corporate officers, directors, or 1% or more owners | | X |
| 37 Do you treat all use of vehicles by employees as personal use? | | X |
| 38 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received? | | X |
| 39 Do you meet the requirements concerning qualified automobile demonstration use? See instructions | | X |

Note: If your answer to 35, 36, 37, 38, or 39 is 'Yes,' you need not complete Section B for the covered vehicles.

Part VI Amortization

| (a)
Description of costs | (b)
Date amortization begins | (c)
Amortizable amount | (d)
Code Section | (e)
Amortization period or percentage | (f)
Amortization for this year |
|--|---------------------------------|---------------------------|---------------------|--|-----------------------------------|
| 40 Amortization of costs that begins during your 1999 tax year: | | | | | |
| 41 Amortization of costs that began before 1999 | | | | 41 | |
| 42 Total. Enter here and on 'Other Deductions' or 'Other Expenses' line of your return | | | | 42 | |

Form **4626****Alternative Minimum Tax – Corporations**

OMB No. 1545-0175

Department of the Treasury
Internal Revenue Service▶ See separate instructions.
▶ Attach to the corporation's tax return.**1999**

| | |
|--|---|
| Name
ENERGY MERCHANT CORPORATION | Employer Identification Number
13-3855623 |
|--|---|

| | | |
|--|----|------------|
| 1 Taxable income or (loss) before net operating loss deduction | 1 | 4,499,106. |
| 2 Adjustments and preferences: | | |
| a Depreciation of post-1986 property | 2a | 0. |
| b Amortization of certified pollution control facilities | 2b | |
| c Amortization of mining exploration and development costs | 2c | |
| d Amortization of circulation expenditures (personal holding companies only) | 2d | |
| e Adjusted gain or loss | 2e | |
| f Long-term contracts | 2f | |
| g Installment sales | 2g | |
| h Merchant marine capital construction funds | 2h | |
| i Section 833(b) deduction (Blue Cross, Blue Shield, and similar type organizations only) | 2i | |
| j Tax shelter farm activities (personal service corporations only) | 2j | |
| k Passive activities (closely held corporations and personal service corporations only) | 2k | |
| l Loss limitations | 2l | |
| m Depletion | 2m | |
| n Tax-exempt interest from specified private activity bonds | 2n | |
| o Intangible drilling costs | 2o | |
| p Accelerated depreciation of real property (pre-1987) | 2p | |
| q Accelerated depreciation of leased personal property (pre-1987) (personal holding companies only) | 2q | |
| r Other adjustments | 2r | |
| s Combine lines 2a through 2r | 2s | 0. |
| 3 Preadjustment alternative minimum taxable income (AMTI). Combine lines 1 and 2s | 3 | 4,499,106. |
| 4 Adjusted current earnings (ACE) adjustment: | | |
| a Enter the corporation's ACE from line 10 of the worksheet in the instructions | 4a | 4,499,106. |
| b Subtract line 3 from line 4a. If line 3 exceeds line 4a, enter the difference as a negative amount (see examples in instructions) | 4b | 0. |
| c Multiply line 4b by 75% (.75). Enter the result as a positive amount | 4c | 0. |
| d Enter the excess, if any, of the corporation's total increases in AMTI from prior year ACE adjustments over its total reductions in AMTI from prior year ACE adjustments (see instructions). Note: You <i>must</i> enter an amount on line 4d, (even if line 4b is positive) | 4d | |
| e ACE adjustment: | | |
| <ul style="list-style-type: none"> • If you entered a positive number or zero on line 4b, enter the amount from line 4c here as a positive amount. • If you entered a negative number on line 4b, enter the smaller of line 4c or line 4d here as a negative amount. | 4e | 0. |
| 5 Combine lines 3 and 4e. If zero or less, stop here; the corporation does not owe alternative minimum tax | 5 | 4,499,106. |
| 6 Alternative tax net operating loss deduction (see instructions) | 6 | 771,757. |
| 7 Alternative minimum taxable income. Subtract line 6 from line 5. If the corporation held a residual interest in a REMIC, see the instructions | 7 | 3,727,349. |

BAA For Paperwork Reduction Act Notice, see separate instructions.

Form **4626** (1999)

| | | |
|---|----|------------|
| 8 Enter the amount from line 7 (alternative minimum taxable income) | 8 | 3,727,349. |
| 9 Exemption phase-out computation (if line 8 is \$310,000 or more, skip lines 9a and 9b and enter -0- on line 9c): | | |
| a Subtract \$150,000 from line 8 (if you are completing this line for a member of a controlled group, see instructions). If zero or less, enter -0- | 9a | |
| b Multiply line 9a by 25% (.25) | 9b | |
| c Exemption. Subtract line 9b from \$40,000 (if you are completing this line for a member of a controlled group, see instructions). If zero or less, enter -0- | 9c | 0. |
| 10 Subtract line 9c from line 8. If zero or less, enter -0- | 10 | 3,727,349. |
| 11 Multiply line 10 by 20% (.20) | 11 | 745,470. |
| 12 Alternative minimum tax foreign tax credit. See instructions | 12 | |
| 13 Tentative minimum tax. Subtract line 12 from line 11 | 13 | 745,470. |
| 14 Regular tax liability before all credits except the foreign tax credit and possessions tax credit | 14 | 1,518,049. |
| 15 Alternative minimum tax. Subtract line 14 from line 13. Enter the result on the appropriate line of the corporation's income tax return (e.g., Form 1120, Schedule J, line 9). If zero or less, enter -0- | 15 | 0. |

Form 4626 (1999)

Form **6781**Department of the Treasury
Internal Revenue Service**Gains and Losses from Section 1256
Contracts and Straddles**

OMB No. 1545-0644

1999**82**

▶ Attach to your tax return.

Name(s) Shown on Tax Return

Identifying Number

ENERGY MERCHANT CORPORATION

I3-3855623

Check applicable box(es) (see instructions):

A☐ Mixed straddle election**C**☐ Mixed straddle account election**B**☐ Straddle-by-straddle identification election**D**☐ Net Section 1256 contracts loss election**Part I Section 1256 Contracts Marked to Market**

| (a) Identification of account | (b) (Loss) | (c) Gain |
|---|------------|-----------|
| 1 PIONEER 70394 | 9,500. | |
| REFCO 30970 | 207,671. | |
| SAUL STONE 14705 | 427,640. | |
| 2 Add amounts on line 1 in columns (b) and (c) | -644,811. | |
| 3 Net gain or (loss). Combine columns (b) and (c) of line 2 | | -644,811. |
| 4 Form 1099-B adjustments. See instructions and attach schedule | | |
| 5 Combine lines 3 and 4 | | -644,811. |
| Note: If line 5 shows a net gain, skip line 6 and enter the gain on line 7. Partnerships and S corporations, see instructions. | | |
| 6 If you have a net Section 1256 contracts loss and checked box D, enter the amount to be carried back | | |
| 7 Subtract line 6 from line 5 | | -644,811. |
| 8 Short-term capital gain or (loss). Multiply line 7 by 40%. Enter here and on Schedule D. See instructions | | -257,924. |
| 9 Long-term capital gain or (loss). Multiply line 7 by 60%. Enter here and on Schedule D. See instructions | | -386,887. |

Part II Gains and Losses from Straddles. Attach a separate schedule listing each straddle and its components.**Section A - Losses from Straddles**

| (a) Description of property | (b) Date entered into or acquired | (c) Date closed out or sold | (d) Gross sales price | (e) Cost or other basis plus expense of sale | (f) Loss
If column (e) is more than (d), enter difference.
Otherwise, enter -0- | (g) Unrecognized gain on offsetting positions | (h) Recognized loss. If column (f) is more than (g), enter difference.
Otherwise, enter -0- | * (i) 28% rate loss
(see instructions below) |
|---|-----------------------------------|-----------------------------|-----------------------|--|---|---|--|---|
| 10 | | | | | | | | |
| 11 a Enter short-term portion of line 10, column (h), losses here and on Schedule D. See instructions | | | | | | | | |
| b Enter long-term portion of line 10, column (h), losses here and on Schedule D. See instructions | | | | | | | | |

Section B - Gains from Straddles

| (a) Description of property | (b) Date entered into or acquired | (c) Date closed out or sold | (d) Gross sales price | (e) Cost or other basis plus expense of sale | (f) Gain.
If column (d) is more than (e), enter difference.
Otherwise, enter -0- | * (g) 28% rate gain
(see instructions below) |
|--|-----------------------------------|-----------------------------|-----------------------|--|--|---|
| 12 | | | | | | |
| 13 a Enter short-term portion of line 12, column (f), gains here and on Schedule D. See instructions | | | | | | |
| b Enter long-term portion of line 12, column (f), gains here and on Schedule D. See instructions | | | | | | |

Part III Unrecognized Gains from Positions Held on Last Day of Tax Year. Memo entry only - see instructions.

| (a) Description of property | (b) Date acquired | (c) Fair market value on last business day of tax year | (d) Cost or other basis as adjusted | (e) Unrecognized gain
If column (c) is more than (d), enter difference.
Otherwise, enter -0- |
|-----------------------------|-------------------|--|-------------------------------------|--|
| 14 | | | | |
| | | | | |
| | | | | |

* 28% rate gain or loss includes all 'collectibles gains and losses' and up to 50% of the eligible gain on qualified small business stock. See instructions for Schedule D (Form 1040).

BAA. For Paperwork Reduction Act Notice, see separate instructions.

Form **6781** (1999)

1999Department of the Treasury
Internal Revenue Service

▶ Attach to the corporation's tax return.

| | | |
|--|--|---|
| Name
ENERGY MERCHANT CORPORATION | | Employer Identification Number
13-3855623 |
| 1 | Alternative minimum tax (AMT) for 1998. Enter the amount from line 15 of the 1998 Form 4626 | 304,710. |
| 2 | Minimum tax credit carryforward from 1998. Enter the amount from line 9 of the 1998 Form 8827 | |
| 3 | Enter the total of any 1998 unallowed nonconventional source fuel credit and 1998 unallowed qualified electric vehicle credit. See instructions | |
| 4 | Add lines 1, 2, and 3 | 304,710. |
| 5 | Enter the corporation's 1999 regular income tax liability minus allowable tax credits. See instructions | 1,518,049. |
| 6 | If the corporation is:
<ul style="list-style-type: none"> • A 'small corporation' exempt from the AMT for 1999, and line 5 is \$25,000 or less, enter -0-. • A 'small corporation' exempt from the AMT for 1999, and line 5 is more than \$25,000, enter 25% (.25) of the excess. • Not a 'small corporation' exempt from the AMT for 1999, complete Form 4626 for 1999 and enter the tentative minimum tax from line 13 | 745,470. |
| 7 | Subtract line 6 from line 5. If zero or less, enter -0- | 772,579. |
| 8 | Minimum tax credit. Enter the smaller of line 4 or line 7. Also enter this amount on the appropriate line of the corporation's income tax return (e.g., Form 1120, Schedule J, line 4e). If the corporation had a post-1986 ownership change or has pre-acquisition excess credits, see instructions | 304,710. |
| 9 | Minimum tax credit carryforward to 2000. Subtract line 8 from line 4. See instructions | |

BAA For Paperwork Reduction Act Notice, see separate instructions.

Form 8827 (1999)

Controlled Group Tax Calculation Statement

1999

▶ Attach to return

| Name | | Employer Identification Number | |
|-----------------------------|---|--------------------------------|--------------------------------------|
| ENERGY MERCHANT CORPORATION | | 13-3855623 | |
| | | (a)
Filing
Member | (b)
Entire
Controlled
Group |
| 1 | Taxable income from line 30, page 1, Form 1120 | 4,464,851. | 4,992,856. |
| 2 | Line 1 or share of \$50,000 taxable income bracket, whichever is less | 50,000. | 50,000. |
| 3 | Subtract line 2 from line 1 | 4,414,851. | 4,942,856. |
| 4 | Line 3 or share of \$25,000 taxable income bracket, whichever is less | 25,000. | 25,000. |
| 5 | Subtract line 4 from line 3 | 4,389,851. | 4,917,856. |
| 6 | Line 5 or share of \$9,925,000 taxable income bracket, whichever is less | 4,389,851. | 4,917,856. |
| 7 | Subtract line 6 from line 5 | 0. | 0. |
| 8 | Multiply line 2 by 15% | 7,500. | 7,500. |
| 9 | Multiply line 4 by 25% | 6,250. | 6,250. |
| 10 | Multiply line 6 by 34% | 1,492,549. | 1,672,071. |
| 11 | Multiply line 7 by 35% | 0. | 0. |
| 12 | If a controlled group taxable income exceeds \$100,000, enter smaller of:
(a) 5% of the excess over \$100,000 or (b) \$11,750 (see line I below) | 11,750. | 11,750. |
| 13 | If a controlled group taxable income exceeds \$15,000,000 enter smaller of:
(a) 3% of the excess over \$15,000,000 or (b) \$100,000 (see line N below) | | |
| 14 | Income tax. Add lines 8 through 13. Enter here and on line 3, Schedule J, Form 1120 | 1,518,049. | 1,697,571. |

Calculation of Additional 5% tax (see line 12)

| | | | | |
|---|---|---|-----------|---------|
| A | Income taxed at 15% rate (line 2 above) | A | 50,000. | 50,000. |
| B | Tax rate difference (34% - 15%) | B | 19% | 19% |
| C | Tax difference (line A multiplied by line B) | C | 9,500. | 9,500. |
| D | Income taxed at 25% (line 4) | D | 25,000. | 25,000. |
| E | Tax rate difference (34% - 25%) | E | 9% | 9% |
| F | Tax difference (line D multiplied by line E) | F | 2,250. | 2,250. |
| G | Total tax difference (line C plus line F) | G | 11,750. | 11,750. |
| H | Percentage of additional tax paid by the entire group (line 12(b) divided by line G(b)) | H | 100.0000% | |
| I | Total additional 5% tax (line G multiplied by line H) | I | 11,750. | 11,750. |

Calculation of Additional 3% tax (see line 13)

| | | | | |
|---|---|---|----|----|
| J | Income taxed at 34% rate (line 2 + 4 + 6) | J | | |
| K | Tax rate difference (35% - 34%) | K | 1% | 1% |
| L | Tax difference (line J multiplied by line K) | L | | |
| M | Percentage of additional tax paid by the entire group (line 13(b) divided by line L(b)) | M | | % |
| N | Total additional 3% tax (line L multiplied by line M) | N | | |

Form 1120, Page 1, Line 10

Other Income Statement

| | |
|---------------------------------|-------------------|
| Ord income from partnerships | 2,706,529. |
| POWERINE OIL CO - C.O.D. INCOME | 437,803. |
| Total | <u>3,144,332.</u> |

Form 1120, Page 1, Line 26

Other Deductions Statement

| | |
|-------------------------------|-------------------|
| Accounting | 3,542. |
| Automobile and truck expense | 12,113. |
| Bank charges | 58,031. |
| Dues and subscriptions | 4,138. |
| Equipment rent | 20,575. |
| Insurance | 91,868. |
| Laundry and cleaning | 3,995. |
| Legal and professional | 759,757. |
| Meals and entertainment (50%) | 53,100. |
| Miscellaneous | 4,816. |
| Office expense | 4,887. |
| Outside services | 375,634. |
| Postage | 4,417. |
| Supplies | 175. |
| Telephone | 32,032. |
| Travel | 201,021. |
| COMMODITY INFO SERVICES | 22,107. |
| Total | <u>1,652,208.</u> |

Form 1120, Page 2, Schedule E

Officers' Compensation

| (a)
Name
of officer | (b)
Social
security
number | (c)
Percent
of time
devoted
to business | Percent of corporation
stock owned | | (f)
Amount of
compensation |
|---------------------------|-------------------------------------|---|---------------------------------------|------------------|----------------------------------|
| | | | (d)
Common | (e)
Preferred | |
| JAMES C BUTTON | 067-54-1837 | 0.0 % | 21.0 % | 0.0 % | 0. |
| MICHAEL EGNER | 563-84-9344 | 0.0 % | 1.0 % | 0.0 % | 0. |
| Total | | | | | <u>0.</u> |

Form 1120, Page 4, Schedule L, Line 6

Ln 6 Stmt

| Other Current Assets: | Beginning of
tax year | End of
tax year |
|-----------------------|--------------------------|--------------------|
| PREPAID EXPENSES | 96,582. | 165,362. |
| ESCROW ACCOUNT | 0. | 900,000. |
| OTHER RECEIVABLES | 923,054. | 546,307. |
| Total | <u>1,019,636.</u> | <u>1,611,669.</u> |

Form 1120, Page 4, Schedule L, Line 9

Ln 9 Stmt

| Other Investments: | Beginning of
tax year | End of
tax year |
|---------------------------|--------------------------|--------------------|
| ADVEST | 7,586,548. | 10,219,776. |
| REFCO | 868,820. | 847,998. |
| PIONEER | 2,392,766. | 221,946. |
| SAUL STONE | 0. | 1,606,930. |
| Total | <u>10,848,134.</u> | <u>12,896,650.</u> |

Form 1120, Page 4, Schedule L, Line 14

Ln 14 Stmt

| Other Assets: | Beginning of
tax year | End of
tax year |
|----------------------|--------------------------|--------------------|
| ENERGY MERCHANT LLC | 10,000,000. | 10,146,377. |
| CAPITAL INVESTMENTS | 0. | 1,809,467. |
| DEPOSITS | 0. | 95,000. |
| Total | <u>10,000,000.</u> | <u>12,050,844.</u> |

Form 1120, Page 4, Schedule L, Line 18

Ln 18 Stmt

| Other Current Liabilities: | Beginning of
tax year | End of
tax year |
|-----------------------------------|--------------------------|--------------------|
| ACCRUED EXPENSES | 1,778,825. | 1,412,258. |
| DEFERRED GAINS & LOSSES | 0. | 644,811. |
| INCOME TAXES PAYABLE | 200,000. | 1,653,049. |
| Total | <u>1,978,825.</u> | <u>3,710,118.</u> |

Form 1120, Page 4, Schedule L, Line 21

Ln 21 Stmt

| Other Liabilities: | Beginning of
tax year | End of
tax year |
|---------------------------|--------------------------|--------------------|
| EML CAPITAL LOANS | 6,883,984. | 7,781,684. |
| POC ACCRUED LIABILITIES | 8,487,170. | 8,487,170. |
| | 0. | 0. |
| DEFERRED TAXES | 2,800,000. | 2,650,000. |
| Total | <u>18,171,154.</u> | <u>18,918,854.</u> |

Form 1120, Sch K, Ownership of Domestic Corps

Ques 3 Stmt

Name ENERGY MERCHANT CAPITAL CORP
 Address 15 OLD DANBURY ROAD, SUITE 100
 WILTON, CT 06897

Employer identification number (EIN) 51-0383350
 Percentage of voting stock owned 100.00
 Taxable income (loss) before NOL and special deductions 6,684,702.

Name POWERINE OIL COMPANY
 Address 12345 LAKELAND ROAD
 SANTA FE SPRINGS, CA 90670

Employer identification number (EIN) 95-4564080
 Percentage of voting stock owned 100.00
 Taxable income (loss) before NOL and special deductions 172,859.

Name CORPORATE DEVELOPMENT CORP
 Address 126 E 56TH ST
 NEW YORK, NY 10022

Employer identification number (EIN) 13-3817433
 Percentage of voting stock owned 100.00
 Taxable income (loss) before NOL and special deductions 0.

Name ANGLO PETROLEUM CORPORATION
 Address 12345 LAKELAND ROAD
 SANTA FE SPRINGS, CA 90670

Employer identification number (EIN) 95-4059009
 Percentage of voting stock owned 100.00
 Taxable income (loss) before NOL and special deductions 0.

Name ENERGY MERCHANT HOLDING INC
 Address 126 56TH ST
 NEW YORK, NY 10022

Employer identification number (EIN) 13-4104912
 Percentage of voting stock owned 100.00
 Taxable income (loss) before NOL and special deductions 0.

Form 1120, Sch K, Corporation Ownership Information

Ques 5 Stmt

Name SIEGFRIED K HODAPP
 ID No. 108-52-9250

Form 1120, Page 4, Schedule M-1, Line 5

Ln 5 Stmt

| | |
|---------------------------|----------|
| Penalties and fines | 5,000. |
| Prior Year's AMT | 104,710. |
| K-1 Meals & Entertainment | 29,373. |
| Officer Compensation | 250,000. |
| Total | 389,083. |

Form 1120, Page 4, Schedule M-1, Line 7

Ln 7 Stmt

UNREALIZED GAINS ON SECURITIES HELD FOR SALE 491,104.

Total 491,104.

Form 851, Page 3, Part IV

Additional Information, Item 1

| No. | Name | Answer to Question 1 | | If yes, list and describe each class of stock. |
|-----|-----------------------------|--------------------------|-------------------------------------|--|
| | | Yes | No | |
| 4 | POWERINE OIL COMPANY | <input type="checkbox"/> | <input checked="" type="checkbox"/> | |
| 5 | CORPORATE DEVELOPMENT CORP | <input type="checkbox"/> | <input checked="" type="checkbox"/> | |
| 6 | ANGLO PETROLEUM CORPORATION | <input type="checkbox"/> | <input checked="" type="checkbox"/> | |

Form 851, Page 3, Part IV

Additional Information, Item 2

| No. | Name | Answer to Question 2 | | If yes for any part of question 2, list and explain the circumstances. |
|-----|-----------------------------|--------------------------|-------------------------------------|--|
| | | Yes | No | |
| 4 | POWERINE OIL COMPANY | <input type="checkbox"/> | <input checked="" type="checkbox"/> | |
| 5 | CORPORATE DEVELOPMENT CORP | <input type="checkbox"/> | <input checked="" type="checkbox"/> | |
| | ANGLO PETROLEUM CORPORATION | <input type="checkbox"/> | <input checked="" type="checkbox"/> | |

Form 851, Page 3, Part IV

Additional Information, Item 3a

| No. | Name | Answer to Question 3a | | Item 3b | Item 3c | Item 3d |
|-----|-----------------------------|--------------------------|-------------------------------------|---------|---------|---------|
| | | Yes | No | | | |
| 4 | POWERINE OIL COMPANY | <input type="checkbox"/> | <input checked="" type="checkbox"/> | % | % | % |
| 5 | CORPORATE DEVELOPMENT CORP | <input type="checkbox"/> | <input checked="" type="checkbox"/> | % | % | % |
| 6 | ANGLO PETROLEUM CORPORATION | <input type="checkbox"/> | <input checked="" type="checkbox"/> | % | % | % |

Energy Merchant Capital Corp
1999 Interest on Treasury Bills
PIONEER Broker Acct # 70394

| Treasury Bills
Original Face Amt | Cost | Purchase
Date | Due
Date | Total
Days | Deferred
Interest | Interest
Per/Day | Days
Expired | Grand
Total | Accrued
Interest | REALIZED |
|-------------------------------------|---------------------|------------------|-------------|---------------|----------------------|---------------------|-----------------|------------------|---------------------|------------------|
| | | | | | | | | 11,069.55 | | 11,069.55 |
| 500,000 | 488,444.02 | 05/27/99 | 11/26/99 | 183 | 11,555.98 | 63.15 | 183 | 11,555.98 | | 11,555.98 |
| 2,500,000 | 2,440,520.83 | 06/10/99 | 12/09/99 | 182 | 59,479.17 | 326.81 | 182 | 59,479.17 | | 59,479.17 |
| 500,000 | 486,904.54 | 11/26/99 | 05/25/00 | 181 | 13,095.46 | 72.35 | 35 | 2,532.27 | 2,532.27 | 0 |
| 1,000,000 | 973,325.78 | 12/09/99 | 06/09/00 | 183 | 26,674.22 | 145.76 | 21 | 3,060.98 | 3,060.98 | 0 |
| <u>4,500,000</u> | <u>4,389,195.17</u> | | | | | | | <u>87,697.95</u> | <u>5,593.25</u> | <u>82,104.70</u> |

EMC CAPITAL CORP
PIONEER ACCOUNT
SUMMARY OF MONTHLY TRANSACTIONS
JANUARY 1- DECEMBER 31, 1999

A/C #70394

| Month | Opening
Balance | (IN)/Out
*Wires
Margin | (Inc)/Exp
Interest
Income | T-Bills | (IN)/Out
Trans to/from
70395 or
70394reg | (Inc)/Exp
Transaction
Fees | (Inc)/Exp
Future/Options
P&S | (Inc)/Exp
Net Option
Premiums | (DR) CR
Account
Balance | (Inc)/Exp
Open trade
Equity | Option
Market value | Account
Value |
|--------|--------------------|------------------------------|---------------------------------|----------------|---|----------------------------------|------------------------------------|-------------------------------------|-------------------------------|-----------------------------------|------------------------|------------------|
| Jan-99 | (1,153,897.30) | | | | - | | 685,465.50 | (559,644.00) | (1,693,075.80) | (597,006.80) | | (2,290,082.60) |
| Feb-99 | (1,693,075.80) | (226,540.00) | | | - | | 174,317.10 | 120,596.75 | (1,540,371.95) | (730,698.40) | | (2,271,070.35) |
| Mar-99 | (1,540,371.95) | 4,600,000.00 | | | | 4,964.25 | (1,715,364.75) | (1,355,110.00) | (5,882.45) | (545,109.00) | | (550,991.45) |
| Apr-99 | (5,882.45) | 500,000.00 | | | (59,900.00) | 1,792.50 | (15,698.15) | (293,310.00) | 127,001.90 | (161,219.60) | | (34,217.70) |
| May-99 | 127,001.90 | (2,650,000.00) | (11,069.55) | (486.43) | | 1,887.00 | 407,765.30 | (220,110.00) | (2,345,011.78) | 428,219.20 | | (1,916,792.58) |
| Jun-99 | (2,345,011.78) | 2,000,000.00 | - | 2,440,520.83 | | 1,095.00 | (2,177,410.55) | (467,760.00) | (548,566.50) | (1,053,817.00) | | (1,602,383.50) |
| Jul-99 | (548,566.50) | 4,000,000.00 | | | (54,204.00) | 2,362.00 | (970,699.64) | (3,526,920.00) | (1,098,028.14) | 242,633.40 | | (855,394.74) |
| Aug-99 | (1,098,028.14) | 5,000,000.00 | | | | 2,503.00 | 811,249.00 | (3,828,040.00) | 887,683.86 | (250,116.80) | | 637,567.06 |
| Sep-99 | 887,683.86 | 390,000.00 | | | (34,540.00) | | 1,948,824.16 | (462,340.00) | 2,729,628.02 | 471,893.40 | | 3,201,521.42 |
| Oct-99 | 2,729,628.02 | 2,100,000.00 | | | 70,000.00 | | (567,027.27) | (1,906,510.00) | 2,426,090.75 | (172,066.00) | | 2,254,024.75 |
| Nov-99 | 2,426,090.75 | 2,275,000.00 | (11,555.98) | (1,539.48) | (151,957.24) | 970.00 | (162,947.32) | (1,383,695.96) | 2,990,364.77 | 1,085,755.80 | | 4,076,120.57 |
| Dec-99 | 2,990,364.77 | - | (59,479.17) | (1,467,195.05) | | | 2,625,581.48 | (557,565.25) | 3,531,706.78 | 9,500.00 | | 3,541,206.78 |
| YTD | | 17,988,460.00 | (82,104.70) | 971,299.87 | (230,601.24) | (580,670.00) | 15,573.75 | 1,044,054.86 | (14,440,408.46) | | | |

A/C #70394 REG

| Month | Opening
Balance | (IN)/Out
*Wires
Margin | (Inc)/Exp
Interest
Income | T-Bills | (IN)/Out
Trans to/from
70394reg | (Inc)/Exp
Transaction
Fees | (Inc)/Exp
Future/Options
P&S | (Inc)/Exp
Net Option
Premiums | (DR) CR
Account
Balance | (Inc)/Exp
Open trade
Equity | Option
Market value | Account
Value |
|--------|--------------------|------------------------------|---------------------------------|---------|---------------------------------------|----------------------------------|------------------------------------|-------------------------------------|-------------------------------|-----------------------------------|------------------------|------------------|
| Jan-99 | - | | | | | | | | - | | | - |
| Feb-99 | - | | | | | | | | - | | | - |
| Mar-99 | - | | | | | | | | - | | | - |
| Apr-99 | - | | | | 59,900.00 | | (59,909.00) | | (9.00) | | | (9.00) |
| May-99 | (9.00) | | | | | | | | (9.00) | | | (9.00) |
| Jun-99 | (9.00) | | | | | | | | (9.00) | | | (9.00) |
| Jul-99 | (9.00) | | | | 54,204.00 | | (54,195.00) | | - | | | - |
| Aug-99 | - | | | | | | | | - | | | - |
| Sep-99 | - | | | | 34,540.00 | | (34,540.00) | | - | | | - |
| Oct-99 | - | | | | (70,000.00) | | | | (70,000.00) | | | (70,000.00) |
| Nov-99 | (70,000.00) | | | | 151,957.24 | | (81,957.24) | | - | | | - |
| Dec-99 | - | | | | | | | | - | | | - |
| YTD | | | | | 230,601.24 | - | (230,601.24) | | | | | |

John Acker (4/10) 244 4954

522-10-1198
TAX ID NUMBER

ALLFIRST BANK
FORMERLY KNOWN AS FIRST NATL BANK OF MD
25 SOUTH CHARLES STREET
BALTIMORE, MD 21201-3330

1978

**COPY B
FOR RECIPIENT**

IRS REPORTING TIN
522-10-1198

| | |
|------------|--------|
| \$3,797.09 | \$0.00 |
| | \$0.00 |
| | \$0.00 |
| | \$0.00 |
| | \$0.00 |
| | \$0.00 |
| \$1,177.10 | \$0.00 |
| | \$0.00 |
| | \$0.00 |
| | \$0.00 |
| | \$0.00 |

If your Federal identification number is shown on this form and the form includes amounts belonging to another person, you are considered a nominee recipient. You must file Form 1099-DIV with the IRS for each of the other owners to show their share of the income, and you must furnish a Form 1099-DIV to each. A husband or wife is not required to file a nominee return to show amounts owned by the other. See the 1999 Instructions for Forms 1099, 1098, 5498, and W-2G.

AMERICAN TREASURY MONEY MARKET PORTFOLIO

PORTFOLIO SUMMARY

Investment Goal

Maximize the value of the investment by investing exclusively in U.S. Treasury obligations.

Investment Focus

Short-term U.S. Treasury securities

Share Price Volatility

Very low

Principal Investment Strategy

Investing in U.S. Treasury obligations

Investor Profile

Conservative investors seeking current income through a low-risk, liquid investment

Principal Investment Strategy of the U.S. Treasury Money Market Portfolio

The U.S. Treasury Money Market Portfolio seeks its investment goal by investing exclusively in U.S. Treasury obligations.

In selecting securities for the Portfolio, the Advisor considers factors such as current yield, the anticipated level of interest rates, and the maturity of the instrument relative to the maturity of the entire Portfolio. In addition, the Portfolio may only purchase securities that meet certain SEC requirements relating to maturity, diversification and credit quality. Under these requirements, the Portfolio's securities must have remaining maturities of 397 days or less, and the Portfolio must have a dollar-weighted average maturity of 90 days or less.

Principal Risks of Investing in the U.S. Treasury Money Market Portfolio

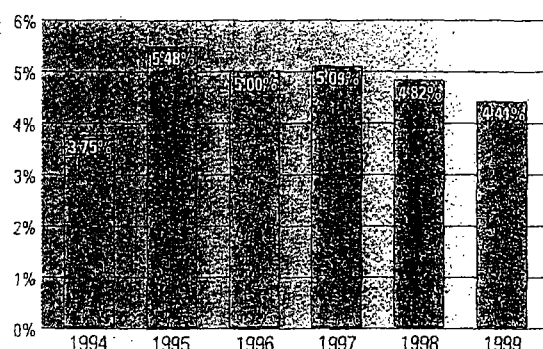
An investment in the Portfolio is subject to income risk, which is the possibility that the Portfolio's yield will decline due to falling interest rates. A Portfolio share is not a bank deposit and is not insured or guaranteed by the FDIC or any government agency. In addition, although a money market fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the Portfolio.

The Portfolio's U.S. Treasury securities are not guaranteed against price movements due to changing interest rates.

Performance Information

The bar chart and the performance table below illustrate the risks and volatility of an investment in the Portfolio. Of course, the Portfolio's past performance does not necessarily indicate how the Portfolio will perform in the future.

This bar chart shows changes in the performance of the Portfolio's Institutional Class shares for each year for six calendar years.



BEST QUARTER 1.39% (6/30/95)

WORST QUARTER 0.71% (3/31/94)

For the period from January 1, 2000 to June 30, 2000, the Portfolio's Institutional Class total return was 2.62%.

This table compares the Portfolio's average annual total returns for the periods ended December 31, 1999, to those of the iMoneyNet, Inc. 100% U.S. Treasury Average.

| Institutional Class | 1 Year | 5 Years | Since Inception |
|--|--------|---------|-----------------|
| U.S. Treasury Money Market Portfolio | 4.41% | 4.96% | 4.59%* |
| iMoneyNet, Inc. 100% U.S. Treasury Average | 4.20% | 4.69% | 4.33%** |

* Since June 14, 1993.

** Since May 31, 1993.

Portfolio Fees and Expenses

This table describes the fees and expenses that you may pay if you buy and hold shares of the Portfolio.

Shareholder Fees (fees paid directly from your investment)

| | Institutional Class |
|---|---------------------|
| Maximum Sales Charge (Load) Imposed on Purchases (as a percentage of offering price) | None |
| Maximum Deferred Sales Charge (Load) (as a percentage of offering price) | None |
| Maximum Sales Charge (Load) Imposed on Reinvested Dividends and other Distributions (as a percentage of offering price) | None |
| Redemption Fee (as a percentage of amount redeemed, if applicable) | None |
| Exchange Fee | None |

Annual Portfolio Operating Expenses (expenses deducted from Portfolio assets)

| | Institutional Class |
|--|----------------------------|
| Investment Advisory Fees | 0.25% |
| Distribution (12b-1) Fees | None |
| Other Expenses | 0.33% |
| Total Annual Portfolio Operating Expenses | 0.58% |
| Fee Waivers and Expense Reimbursements | 0.10% |
| Net Total Operating Expenses | 0.48%⁽¹⁾ |

⁽¹⁾ The Portfolio's Advisor has agreed contractually to waive fees and reimburse expenses in order to keep total operating expenses from exceeding 0.48% until August 31, 2001. The Portfolio's total actual annual operating expenses for the most recent fiscal year were less than the amount shown above because, in addition to its contractual waiver, the Advisor is voluntarily reimbursing expenses in order to keep total operating expenses at a specified level. The Advisor may discontinue all or part of these reimbursements at any time. With the expense reimbursements, the Portfolio's actual total operating expenses were as follows:

U.S. Treasury Money Market Portfolio -
Institutional Class 0.45%

For more information about these fees, see "Investment Advisor" and "Distribution of Portfolio Shares."

Example

This Example is intended to help you compare the cost of investing in the Portfolio with the cost of investing in other mutual funds. The Example assumes that you invest \$10,000 in the Portfolio for the time periods indicated and that you sell your shares at the end of the period.

The Example also assumes that each year your investment has a 5% return and Portfolio expenses remain the same. Although your actual costs and returns might be different, your approximate costs of investing \$10,000 in the Portfolio would be:

| 1 Year | 3 Years | 5 Years | 10 Years |
|--------|---------|---------|----------|
| \$49 | \$176 | \$314 | \$716 |

WHAT IS AN AVERAGE?

An average measures the share prices of a specific group of mutual funds with a particular investment objective. You cannot invest directly in an average. The iMoneyNet, Inc. 100% U.S. Treasury Average is a composite of money market mutual funds with investment goals similar to the Portfolio's goals.



ARK FUNDS®

25 South Charles Street (101-624)
Baltimore, MD 21201

We are pleased to send you the 2000 Prospectus for the Institutional Class of ARK Funds. The prospectus is updated annually, and contains valuable information about your investments in the ARK Funds. Since we are required by law to send a prospectus to each person listed as a shareholder, you (or your household) may receive more than one prospectus.

We hope you find this information helpful.

ENER552 211622011 1C99 27 09/16/00
NOTIFY SENDER OF NEW ADDRESS
:ENERGY MERCHANT LLC
PO BOX 549
BEL AIR MD 21014-0549

ENERGY MERCHANT LLC
10552 PHILADELPHIA RD
WHITE MARSH MD 21152-3423

FIRST-CLASS MAIL
U.S. POSTAGE
PAID
LANCASTER, PA
PERMIT 1793

Schedule K-1
(Form 1065)

Department of the Treasury
Internal Revenue Service

Partner's Share of Income, Credits, Deductions, Etc

For calendar year 1999 or tax year

OMB No. 1545-0099

1999

beginning , 1999, and ending

Partner's identifying number ▶ 13-4104912

Partnership's identifying number ▶ 52-2101198

Partner's Name, Address, and ZIP Code

ENERGY MERCHANT HOLDING INC
126 East 56th Street
33 Floor
NEW YORK, NY 10022

Partnership's Name, Address, and ZIP Code

ENERGY MERCHANT LLC
P.O. BOX 549
BEL AIR, MD 21014-0549

A. This partner is a ☐ general partner ☐ limited partner
☒ limited liability company member

B. What type of entity is this partner? ▶ CORPORATION

C. Is this partner a ☒ domestic or a ☐ foreign partner?

D. Enter partner's % of: (i) Before change or termination (ii) End of year

| | | |
|----------------------|-----------|-------------|
| Profit sharing | 0.00000 % | 100.00000 % |
| Loss sharing | 0.00000 % | 100.00000 % |
| Ownership of capital | 0.00000 % | 100.00000 % |

E. IRS Center where partnership filed return: PHILADELPHIA, PA

F. Partner's share of liabilities:

| | |
|---------------------------------|---------------|
| Nonrecourse | \$ 1,866,289. |
| Qualified nonrecourse financing | \$ |
| Other | \$ |

G. Tax shelter registration number ▶

H. Check here if this partnership is a publicly traded partnership as defined in section 469(k)(2) ☐

I. Check applicable boxes: (1) ☐ Final K-1 (2) ☐ Amended K-1

J Analysis of partner's capital account:

| (a) Capital account at beginning of year | (b) Capital contributed during year | (c) Partner's share of lines 3, 4, and 7, Form 1065, Schedule M-2 | (d) Withdrawals and distributions | (e) Capital account at end of year (combine columns (a) through (d)) |
|--|-------------------------------------|---|-----------------------------------|--|
| 0. | 7,443,293. | 2,703,084. | 0. | 10,146,377. |

| (a) Distributive share item | | (b) Amount | (c) 1040 filers enter the amount in column (b) on: |
|-----------------------------|--|--------------|--|
| Income (Loss) | 1 Ordinary income (loss) from trade or business activities | 1 2,706,529. | See Partner's Instructions for Schedule K-1 (Form 1065). |
| | 2 Net income (loss) from rental real estate activities | 2 | |
| | 3 Net income (loss) from other rental activities | 3 | |
| | 4 Portfolio income (loss): | | Schedule B, Part I, line 1
Schedule B, Part II, line 5
Schedule E, Part I, line 4
Schedule D, line 5, column (f)
Schedule D, line 12, column (g)
Schedule D, line 12, column (f)
Enter on applicable line of your return |
| | a Interest | 4a 55,480. | |
| | b Ordinary dividends | 4b 0. | |
| | c Royalties | 4c | |
| | d Net short-term capital gain (loss) | 4d -29,552. | |
| | e Net long-term capital gain (loss): | | |
| | (1) 28% rate gain (loss) | e(1) | |
| | (2) Total for year | e(2) | |
| | f Other portfolio income (loss) (attach schedule) | 4f | |
| | 5 Guaranteed payments to partner | 5 | See Partner's Instructions for Schedule K-1 (Form 1065). |
| | 6 Net section 1231 gain (loss) (other than due to casualty or theft) | 6 | |
| | 7 Other income (loss) (attach schedule) | 7 | Enter on applicable line of your return |
| Deductions | 8 Charitable contributions (see instructions) (attach schedule) | 8 | Schedule A, line 15 or 16 |
| | 9 Section 179 expense deduction | 9 4,979. | See Partner's Instructions for Schedule K-1 (Form 1065). |
| | 10 Deductions related to portfolio income (attach schedule) | 10 | |
| | 11 Other deductions (attach schedule) | 11 | |
| Credits | 12a Low-income housing credit: | | Form 8586, line 5 |
| | (1) From section 42(j)(5) p'ships for property placed in service before 1990 | a(1) | |
| | (2) Other than on line 12a(1) for property placed in service before 1990 | a(2) | |
| | (3) From section 42(j)(5) partnerships for property placed in service after 1989 | a(3) | |
| | (4) Other than on line 12a(3) for property placed in service after 1989 | a(4) | |
| | b Qualified rehabilitation expenditures related to rental real estate activities | 12b | See Partner's Instructions for Schedule K-1 (Form 1065). |
| | c Credits (other than credits shown on lines 12a and 12b) related to rental real estate activities | 12c | |
| | d Credits related to other rental activities | 12d | |
| | 13 Other credits | 13 | |

BAA For Paperwork Reduction Act Notice, see instructions for Form 1065.

Schedule K-1 (Form 1065) 1999

| | (a) Distributive share item | (b) Amount | (c) 1040 filers enter the amount in column (b) on: |
|---|---|--------------|---|
| Investment Interest | 14a Interest expense on investment debts | 14a | Form 4952, line 1 |
| | b (1) Investment income included on lines 4a, 4b, 4c, and 4f | b(1) 55,480. | See Partner's Instructions for Schedule K-1 (Form 1065). |
| | (2) Investment expenses included on line 10 | b(2) | |
| Self-employment | 15a Net earnings (loss) from self-employment | 15a | Schedule SE, Section A or B |
| | b Gross farming or fishing income | 15b | See Partner's Instructions for Schedule K-1 (Form 1065). |
| | c Gross nonfarm income | 15c | |
| Adjustments and Tax Preference Items | 16a Depreciation adjustment on property placed in service after 1986 | 16a 0. | See Partner's Instructions for Schedule K-1 (Form 1065) and instructions for Form 6251. |
| | b Adjusted gain or loss | 16b | |
| | c Depletion (other than oil and gas) | 16c | |
| | d (1) Gross income from oil, gas, and geothermal properties | d(1) | |
| | (2) Deductions allocable to oil, gas, and geothermal properties | d(2) | |
| | e Other adjustments & tax preference items (attach schedule) | 16e | |
| Foreign Taxes | 17a Type of income ▶ | | Form 1116, check boxes |
| | b Name of foreign country or possession | | Form 1116, Part I |
| | c Total gross income from sources outside the United States (attach schedule) | 17c | |
| | d Total applicable deductions and losses (attach schedule) | 17d | |
| | e Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued | 17e | Form 1116, Part II |
| | f Reduction in taxes available for credit (attach schedule) | 17f | Form 1116, Part III |
| | g Other foreign tax information (attach schedule) | 17g | See instructions for Form 1116. |
| Other | 18a Section 59(e)(2) expenditures: a Type ▶ | | See Partner's Instructions for Schedule K-1 (Form 1065). |
| | b Amount | 18b | |
| | 19 Tax-exempt interest income | 19 | Form 1040, line 8b |
| | 20 Other tax-exempt income | 20 | See Partner's Instructions for Schedule K-1 (Form 1065). |
| | 21 Nondeductible expenses | 21 29,290. | |
| | 22 Distributions of money (cash and marketable securities) | 22 0. | |
| | 23 Distributions of property other than money | 23 0. | |
| | 24 Recapture of low-income housing credit: | | Form 8611, line 8 |
| | a From section 42(j)(5) partnerships | 24a | |
| b Other than on line 24a | 24b | | |

25 Supplemental information required to be reported separately to each partner (attach additional schedules if more space is needed):

Federal Income Tax Withheld from ARC Dividends

1,177.

Supplemental Information

ENERGY MERCHANT LLC
EIN 52-2101198
FORM 1065 TYE 12-31-99

Statement Regarding Technical Termination

Pursuant to IRC Sec. 709(b)(1)(B) and related regulations, Energy Merchant LLC [EML] was technically terminated on December 15, 1999. On that date, Energy Merchant Corporation – EIN 13-3855623 [EMC], a 99 % partner, transferred its entire ownership interest to its wholly owned subsidiary – Energy Merchant Holding Inc, EIN 13-4104912 [EMH] - as part of Sec. 351 incorporation.

This transfer results in the deemed distribution of the partnership's underlying assets and liabilities in exchange for the total interest in the partnership's capital, profits and losses. This technical termination is immediately followed by the continuing partners deemed contribution of all of the same assets and liabilities to a new partnership.

All of the 1999 income and deductions of EML and EMH have been reflected on the 1999 consolidated corporate income tax return of EMC.

Schedule K-1
(Form 1065)

Department of the Treasury
Internal Revenue Service

Partner's Share of Income, Credits, Deductions, Etc

For calendar year 1999 or tax year
beginning , 1999, and ending

OMB No. 1545-0099

1999

Partner's identifying number ▶ 13-3855623

Partner's Name, Address, and ZIP Code

ENERGY MERCHANT CORPORATION
126 EAST 56TH STREET, 33 FLOOR
NEW YORK, NY 10022

Partnership's identifying number ▶ 52-2101198

Partnership's Name, Address, and ZIP Code

ENERGY MERCHANT LLC
P.O. BOX 549
BEL AIR, MD 21014-0549

A This partner is a ☐ general partner ☐ limited partner
☒ limited liability company member

B What type of entity is this partner? ... ▶ CORPORATION

C Is this partner a ☒ domestic or a ☐ foreign partner?

D Enter partner's % of: (i) Before change or termination (ii) End of year

| | | |
|----------------------|-------------|-----------|
| Profit sharing | 100.00000 % | 0.00000 % |
| Loss sharing | 100.00000 % | 0.00000 % |
| Ownership of capital | 100.00000 % | 0.00000 % |

E IRS Center where partnership filed return: PHILADELPHIA, PA

F Partner's share of liabilities:

| | | |
|---------------------------------|----|----|
| Nonrecourse | \$ | 0. |
| Qualified nonrecourse financing | \$ | |
| Other | \$ | |

G Tax shelter registration number ▶

H Check here if this partnership is a publicly traded partnership as defined in section 469(k)(2) ☐

I Check applicable boxes: (1) ☒ Final K-1 (2) ☐ Amended K-1

J Analysis of partner's capital account:

| (a) Capital account at beginning of year | (b) Capital contributed during year | (c) Partner's share of lines 3, 4, and 7, Form 1065, Schedule M-2 | (d) Withdrawals and distributions | (e) Capital account at end of year (combine columns (a) through (d)) |
|--|-------------------------------------|---|-----------------------------------|--|
| 9,943,293. | 0. | 0. | 9,943,293. | 0. |

| | (a) Distributive share item | (b) Amount | (c) 1040 filers enter the amount in column (b) on: |
|---------------|--|------------|--|
| Income (Loss) | 1 Ordinary income (loss) from trade or business activities | 1 0. | See Partner's Instructions for Schedule K-1 (Form 1065). |
| | 2 Net income (loss) from rental real estate activities | 2 | |
| | 3 Net income (loss) from other rental activities | 3 | |
| | 4 Portfolio income (loss): | | |
| | a Interest | 4a 0. | Schedule B, Part I, line 1 |
| | b Ordinary dividends | 4b 0. | Schedule B, Part II, line 5 |
| | c Royalties | 4c | Schedule E, Part I, line 4 |
| | d Net short-term capital gain (loss) | 4d 0. | Schedule D, line 5, column (f) |
| | e Net long-term capital gain (loss): | | |
| | (1) 28% rate gain (loss) | e(1) | Schedule D, line 12, column (g) |
| | (2) Total for year | e(2) | Schedule D, line 12, column (f) |
| Deductions | f Other portfolio income (loss) (attach schedule) | 4f | Enter on applicable ln of your return |
| | 5 Guaranteed payments to partner | 5 | See Partner's Instructions for Schedule K-1 (Form 1065). |
| | 6 Net section 1231 gain (loss) (other than due to casualty or theft) | 6 | |
| | 7 Other income (loss) (attach schedule) | 7 | Enter on applicable ln of your return |
| | 8 Charitable contributions (see instructions) (attach schedule) | 8 | Schedule A, line 15 or 16 |
| | 9 Section 179 expense deduction | 9 0. | See Partner's Instructions for Schedule K-1 (Form 1065). |
| | 10 Deductions related to portfolio income (attach schedule) | 10 | |
| | 11 Other deductions (attach schedule) | 11 | |
| Credits | 12a Low-income housing credit: | | |
| | (1) From section 42(j)(5) p'ships for property placed in service before 1990 | a(1) | Form 8586, line 5 |
| | (2) Other than on line 12a(1) for property placed in service before 1990 | a(2) | |
| | (3) From section 42(j)(5) partnerships for property placed in service after 1989 | a(3) | |
| | (4) Other than on line 12a(3) for property placed in service after 1989 | a(4) | |
| | b Qualified rehabilitation expenditures related to rental real estate activities | 12b | See Partner's Instructions for Schedule K-1 (Form 1065). |
| | c Credits (other than credits shown on lines 12a and 12b) related to rental real estate activities | 12c | |
| | d Credits related to other rental activities | 12d | |
| | 13 Other credits | 13 | |

| | (a) Distributive share item | (b) Amount | (c) 1040 filers enter the amount in column (b) on: |
|---|---|--|---|
| Investment Interest | 14a Interest expense on investment debts | 14a | Form 4952, line 1 |
| | b (1) Investment income included on lines 4a, 4b, 4c, and 4f | b(1) | See Partner's Instructions for Schedule K-1 (Form 1065). |
| | (2) Investment expenses included on line 10 | b(2) | |
| Self-employment | 15a Net earnings (loss) from self-employment | 15a | Schedule SE, Section A or B |
| | b Gross farming or fishing income | 15b | See Partner's Instructions for Schedule K-1 (Form 1065). |
| | c Gross nonfarm income | 15c | |
| Adjustments and Tax Preference Items | 16a Depreciation adjustment on property placed in service after 1986 | 16a | See Partner's Instructions for Schedule K-1 (Form 1065) and instructions for Form 6251. |
| | b Adjusted gain or loss | 16b | |
| | c Depletion (other than oil and gas) | 16c | |
| | d (1) Gross income from oil, gas, and geothermal properties | d(1) | |
| | (2) Deductions allocable to oil, gas, and geothermal properties | d(2) | |
| | e Other adjustments & tax preference items (attach schedule) | 16e | |
| Foreign Taxes | 17a Type of income ▶ | | Form 1116, check boxes |
| | b Name of foreign country or possession | | Form 1116, Part I |
| | c Total gross income from sources outside the United States (attach schedule) | | |
| | d Total applicable deductions and losses (attach schedule) | 17d | |
| | e Total foreign taxes (check one): <input type="checkbox"/> Paid <input type="checkbox"/> Accrued | 17e | Form 1116, Part II |
| | f Reduction in taxes available for credit (attach schedule) | 17f | Form 1116, Part III |
| | g Other foreign tax information (attach schedule) | 17g | See instructions for Form 1116. |
| Other | 18a Section 59(e)(2) expenditures: a Type ▶ | 18b | See Partner's Instructions for Schedule K-1 (Form 1065). |
| | b Amount | | |
| | 19 Tax-exempt interest income | 19 | Form 1040, line 8b |
| | 20 Other tax-exempt income | 20 | See Partner's Instructions for Schedule K-1 (Form 1065). |
| | 21 Nondeductible expenses | 21 | |
| | 22 Distributions of money (cash and marketable securities) | 22 | |
| | 23 Distributions of property other than money | 23 | |
| | 24 Recapture of low-income housing credit: | a From section 42(j)(5) partnerships | 24a |
| b Other than on line 24a | | 24b | |
| 25 Supplemental information required to be reported separately to each partner (attach additional schedules if more space is needed): | | | |

Supplemental Information

EMC 13-3855623

EMC HANDELS GMBH
1999

A/C # FS8670

| Month | Opening
Balance | (IN)/Out
*Wires
Margin | (Inc)/Exp
Interest
Income | (Inc)/Exp
Transaction
Fees | (Inc)/Exp
Future/Options
P&S | (Inc)/Exp
Net Option
Premiums | (DR) CR
Account
Balance |
|--------|--------------------|------------------------------|---------------------------------|----------------------------------|------------------------------------|-------------------------------------|-------------------------------|
| Oct-99 | - | - | | | (73,274.00) | - | (73,274.00) |
| Nov-99 | (73,274.00) | 31,066.36 | (40.88) | 409.00 | (18,900.00) | - | (60,739.52) |
| Dec-99 | (60,739.52) | - | (1,880.04) | - | - | - | (62,619.56) |
| YTD | | 31,066.36 | (1,920.92) | 409.00 | (92,174.00) | - | |

A/C # 273-240497.60R

| Month | Opening
Balance | (IN)/Out
*Wires
Margin | (Inc)/Exp
Interest
Income | (Inc)/Exp
Transaction
Fees | (Inc)/Exp
Future/Options
P&S | (Inc)/Exp
Net Option
Premiums | (DR) CR
Account
Balance |
|--------|--------------------|------------------------------|---------------------------------|----------------------------------|------------------------------------|-------------------------------------|-------------------------------|
| Oct-99 | - | | | | | - | - |
| Nov-99 | - | (73,000.00) | | 13.22 | | - | (72,986.78) |
| Dec-99 | (72,986.78) | | | | | - | (72,986.78) |
| YTD | | (73,000.00) | - | 13.22 | - | - | |

TOTALS (1,920.92) 422.22 (92,174.00) - (135,606.34)

99-9999999

MONTHLY STATEMENT

EMC HANDLES GMBH
C/O HPS COMMERZ GMBH
ZUG SWITZERLAND CH-6300

DNT

DEC 31, 1999

F 88670 04363076

DISCRETIONARY A/C

PAGE 1

| DATE | AT | LONG/BUY | SHORT/SELL | DESCRIPTION | EX | PRICE | CC | DEBIT | CREDIT |
|--------------------------------------|----|-----------|------------|--|----|-------|------------|-------|----------|
| ***** YOUR ACTIVITY THIS MONTH ***** | | | | | | | | | |
| 12/10/9 | US | | | INTEREST - MTH ENDING 11/30/99
INTEREST ON CREDIT BALANCE | | | INTCRDL US | | 1,880.04 |
| 12/23/9 | US | 1,010,000 | | US T BILL MAT 11/09/2000 | | | DELIVER US | | |
| *USD-US REQ* | | | | | | | | | |
| BEGINNING BALANCE | | | | 60,739.52 | | | | | |
| THIS MONTH'S ACTIVITY | | | | 1,880.04 | | | | | |
| ENDING BALANCE | | | | 62,619.56 | | | | | |
| ACCOUNT VALUE AT MARKET | | | | 62,619.56 | | | | | |
| CONVERTED ACCOUNT VALUE | | | | 62,619.56 | | | | | |

Under its Public Disclosure Program, NASD Regulation ("NASDR") provides certain information regarding the disciplinary history of NASD members and their associated persons to the general public. More information about the NASDR Public Disclosure Program can be obtained from the NASDR Website (WWW.NASDR.COM). Additionally, NASDR has prepared an investor brochure including information describing the Public Disclosure Program which can be ordered by calling MEDIASOURCE at 301-590-6142.

99-9999999

MONTHLY STATEMENT

NOV 30, 1999

EMC HANDLES GMBH
C/O HPS COMMERZ GMBH
ZUG SWITZERLAND CH-6300

DNT

F 5B670 04363076

DISCRETIONARY A/C

PAGE 1

| DATE | AT | LONG/BUY | SHORT/SELL | DESCRIPTION | EX | PRICE | CC | DEBIT | CREDIT |
|---------------------------------------|----|------------|------------|--------------------------------|--------|-------|------------|-----------|--------------|
| ***** YOUR ACTIVITY THIS MONTH ***** | | | | | | | | | |
| 1/05/99 | US | | | WIRE SENT | | | US | 73,000.00 | |
| 1/10/99 | US | | | INTEREST - MTH ENDING 10/31/99 | | | INTCRBL US | | 40.88 |
| | | | | INTEREST ON CREDIT BALANCE | | | | | |
| 1/10/99 | US | | | WT REC'D | | | US | | 1,000,000.00 |
| 1/11/99 | US | | 200 | PUT DEC 99 LT CRUDE | 2350 | 07 | NET PREM | US | 27,182.00 |
| 1/11/99 | US | 50 | 50 | DEC 99 UNLEAD GAS | 07 | | P&L | US | 18,900.00 |
| 1/11/99 | US | 50 | 50 | DEC 99 UNLEAD GAS | 07 | | FEE/COMM | US | 409.00 |
| 1/12/99 | US | | 200 | PUT DEC 99 LT CRUDE | 2350 | 07 | CANCEL | US | 27,182.00 |
| | | | | CANCELLED TRADE | | | | | |
| 1/29/99 | US | 1,010,000 | | US T BILL MAT 11/09/2000 | 94,858 | | RECEIVE | US | 958,066.36 |
| ***** POSITIONS IN YOUR ACCOUNT ***** | | | | | | | | | |
| 1/09/00 | US | 1,010,000 | | US T BILL MAT 11/09/2000 | | | US | | 959,500.00 |
| | | 1,010,000* | | | 95 | | | | 959,500.00* |

| | *USD-US REG* |
|-----------------------------|--------------|
| BEGINNING BALANCE | 73,274.00 |
| THIS MONTH'S ACTIVITY | 12,534.48- |
| ENDING BALANCE | 60,739.52 |
| NET FUTURES PROFIT AND LOSS | 18,491.00 |
| SECURITIES MARKET VALUE | 959,500.00 |
| ACCOUNT VALUE AT MARKET | 60,739.52 |
| INVERTED ACCOUNT VALUE | 60,739.52 |

Nov 17 1999 05:15:33 EST Fimat

MSG# 35848111-003-1

Page 001 OF 001



SOCIÉTÉ GÉNÉRALE GROUP

FIMAT USA, Inc.
 181 W. MADISON STREET SUITE 3450
 CHICAGO IL 60602 U.S.A.
 TEL: (312) 578-5200 FAX: (312) 578-5299

 630 FIFTH AVE. SUITE 500
 NEW YORK, NY 10111
 TEL: (212) 504-7500 FAX: (212) 504-7440

 ENC HANDLES GMBH LQ ONLY
 C/O HPS COMMERZ GMBH
 ZUG SWITZERLAND CH-6300

NOV 16, 1999

F 58678 04363076

DISCRETIONARY A/C

PAGE 1

| | "USD-US REG" | "CONVENTED TOTAL" |
|---------------------------|--------------|-------------------|
| BEGINNING ACCOUNT BALANCE | 1,018,805.88 | 1,018,805.88 |
| ENDING ACCOUNT BALANCE | 1,018,805.88 | 1,018,805.88 |
| TOTAL EQUITY | 1,018,805.88 | 1,018,805.88 |
| NET LIQUIDATING VALUE | 1,018,805.88 | 1,018,805.88 |
| MARGIN EXCESS | 1,018,805.88 | 1,018,805.88 |
| WITHDRAWABLE FUNDS | 1,018,805.88 | 1,018,805.88 |

statement of account

ENERGY MERCHANT CORP

| Account No. | Taxpayer No. | IE No. | Statement Period | Page |
|-------------|--------------|--------|---------------------|----------|
| 421-00934 | 13-3856623 | 98R | 12/1/99 to 12/31/99 | 10 of 16 |

Purchases and Sales - Continued

| Date | Transaction | Quantity | Description | Price/Rate | Amount Charged | Amount Credited |
|----------|-------------|-----------|---|------------|------------------|-----------------|
| 12/23/99 | BOUGHT | 2,000,000 | <i>Bond</i> SEARS ROEBUCK ACCEPTANCE CORP
NOTE
DUE 05/01/2009 06.250% MN 01
UNSOLICITED
MOODY RATNG A2 S&P RATNG A-
YIELD 7.510 % TO MATURITY | 81.63 | (1,850,659.51) ✓ | |
| 12/27/99 | BOUGHT | 10,000 | <i>Bond</i> ARIBA INC
UNSOLICITED
50% DISCOUNT | 142.4125 | (1,428,598.81) ✓ | |
| 12/27/99 | BOUGHT | 50,000 | COHO ENERGY INC
UNSOLICITED
COMMISSION WAIVED
AS OF 12/21/99 | 0.26 | (13,003.95) ✓ | |
| 12/27/99 | BOUGHT | 1,500,000 | <i>Bond</i> DEL WEBB CORPORATION
SENIOR SUB DEBS
DUE 05/01/2009 09.375% MN 01
UNSOLICITED
MOODY RATNG B2 S&P RATNG B-
YIELD 10.412 % TO MATURITY | 93.875 | (1,430,003.96) ✓ | |
| 12/27/99 | BOUGHT | 2,000,000 | U S WEST COMMUNICATIONS INC
DEB
DUE 09/15/2033 06.875% MS 15
UNSOLICITED
MOODY RATNG A2 S&P RATNG A+
YIELD 7.963 % TO MATURITY | 87.30 | (1,784,962.28) ✓ | |
| 12/27/99 | BOUGHT | 2,000,000 | FLORIDA PWR CORP
1ST MTG
DUE 12/01/2023 07.000% JD 01
UNSOLICITED
MOODY RATNG AA3 S&P RATNG AA-
YIELD 7.808 % TO MATURITY | 91.30 ✓ | (1,836,115.06) ✓ | |
| 12/27/99 | SOLD | 1,010,000 | UNITED STATES TREASURY BILL
DUE 11/09/2000
MOODY RATNG AAA S&P RATNG
DISC RATE 5.866% BEY 6.2083 | 94.818 | | 957,661.80 ✓ |

From GMBH

958066.36

(404.56)